TSA PROCUREMENT REFORM: SAVING TAXPAYER DOLLARS THROUGH SMARTER SPENDING PRACTICES

HEARING

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION SECURITY

OF THE

COMMITTEE ON HOMELAND SECURITY HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

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TSA PROCUREMENT REFORM: SAVING TAXPAYER DOLLARS THROUGH SMARTER SPENDING PRACTICES

Wednesday, May 8, 2013

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TRANSPORTATION SECURITY,
COMMITTEE ON HOMELAND SECURITY,
Washington, DC.

The subcommittee met, pursuant to call, at 1:35 p.m., in Room 311, Cannon House Office Building, Hon. Richard Hudson [Chairman of the subcommittee] presiding.

Present: Representatives Hudson, Barletta, Brooks, Richmond, and Thompson.

Mr. HUDSON. Our Ranking Member is on the way. I have been signaled by staff to go ahead and get going. So the Committee on Homeland Security, Subcommittee on Transportation Security will come to order. The subcommittee is meeting today to hear testimony on TSA procurement reform. I now recognize myself for an opening statement.

First, I would like to thank our witnesses for participating in this hearing. We sincerely appreciate your time and look forward to hearing your testimony.

Our purpose today is to examine TSA procurement practices and identify ways this $7 billion agency can save taxpayer money and provide better security. Ultimately, these two goals are not mutually exclusive, but rather are dependent upon one another. Every dollar that can be saved from wasteful and duplicative programs, reforming broken processes, and increasing transparency can eventually be used to better protect passengers and confront emerging threats.

TSA's Office of Acquisition has the lead on planning, awarding, and managing the acquisition programs at TSA. Like other components of the Department of Homeland Security, TSA categorizes its programs based on life-cycle costs. Any program with a life-cycle cost over $300 million, such as the passenger screening program, requires final approval by DHS.

We are pleased to have the head of TSA acquisitions with us to discuss in detail how her office performs its critical functions. Specifically, the office's coordination with DHS procurement officials, partnership with the Science and Technology Directorate, engagement with the private sector, and due diligence in ensuring TSA makes wise investments.

While some progress has been made in the last few years, shortfalls in major technology purposes like advanced imaging technology, or AIT, make it clear that TSA still has a long way to go. Now, we recognize that TSA has a very difficult job, and we want to work with you as we move forward in this process. We understand that TSA is constantly trying to respond to new threats, but in some cases the pressures to perform and develop new technologies can lead to a reactive approach without sufficient planning. Having a long-term plan that leverages experts within Government and industry can help prevent capability gaps.

In 2009, the Government Accountability Office reported that TSA had not completed a cost-benefit analysis to prioritize and fund airport screening technology investments such as AIT. That was nearly 4 years ago, and to my knowledge no such comprehensive cost-benefit analysis has been completed. In 2012, GAO reported that TSA did not fully follow DHS acquisition policies when acquiring AIT. That resulted in DHS approving AIT deployment without full knowledge of TSA's revised specifications for the technology.

DHS also approved AIT deployment on the basis of laboratory-based testing results and initial field testing results, but testing wasn't actually completed until later that year. TSA procured AIT without DHS' full knowledge of how TSA would test and evaluate AIT.

While some improvements have been made, we simply cannot afford to repeat these types of mistakes. I look forward to receiving an update from GAO today on the status of its findings and recommendations on AIT and other investments.

Taking a step back from procurement, it is also important to recognize the role of the DHS Science and Technology Directorate in testing and evaluation processes for new technologies. Despite S&T's best efforts to assist TSA, it is unclear whether S&T actually has enough authority to make significant difference in whether TSA technology expenditures succeed or fail. I am eager to hear directly from S&T today on how the Directorate's role in the technology acquisitions process can be strengthened and improved.

To the greatest extent possible I believe more transparency and accountability should be included in the TSA procurement process. The work of the GAO and DHS Office of Inspector General are critical in that regard, and we look forward to their insights here today.

With our witnesses I hope we can identify steps to strengthen oversight and accountability of the key transportation security programs. The bottom line is TSA's procurement decisions impact millions of American taxpayers whether they fly or not. It is incumbent upon us to make sure taxpayer dollars are being used effectively and efficiently. I look forward to discussing ways we can work together to do a better of job of ensuring the safety of both Americans' ability to travel and their hard-earned tax dollars.

The Chairman now recognizes the Ranking Minority Member of the subcommittee, the gentleman from Louisiana, Mr. Richmond for any statement he may have.

[The statement of Mr. Hudson follows:]

STATEMENT OF CHAIRMAN RICHARD HUDSON

MAY 8, 2013

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We are pleased to have the head of TSA Acquisitions with us to discuss, in detail, how her office performs its critical function. Specifically, the Office's:

- Coordination with DHS procurement officials,
- Partnership with the Science and Technology Directorate,
- Engagement with the private sector, and
- Due diligence in ensuring TSA makes wise investments.

While some progress has been made in the last few years, shortfalls in major technology purchases, like Advanced Imaging Technology, AIT, make it clear that TSA still has a long way to go. We recognize that TSA is constantly trying to respond to new threats, but in some cases the pressures to perform and deploy new technologies can lead to a reactive approach without sufficient planning. Having a long-term plan that leverages experts within Government and industry can help to prevent capability gaps.

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The bottom line is TSA's procurement decisions impact millions of American taxpayers, whether they fly or not. It is incumbent upon us to make sure taxpayer dollars are being used effectively and efficiently. I look forward to discussing ways we can work together to do a better job of ensuring the safety of both Americans' ability to travel and their hard-earned tax dollars.

With that, I now recognize the Ranking Member of the subcommittee, the gentleman from Louisiana, Mr. Richmond, for his opening statement.

Mr. RICHMOND. Thank you, Mr. Chairman.

Good afternoon to the witnesses, and thank you all for being here today to testify. I appreciate your work to advance TSA's procure-

ment system and their willingness to have an open dialogue on the contracting challenges facing TSA.

After 9/11 TSA was established to implement risk-based security policies that address vulnerabilities and threats to our transportation system. To carry out its mandate TSA must not only procure the right goods and services from reliable vendors, but it must have personnel on hand who have the knowledge and training to adequately review purchases.

Unfortunately, TSA has not always purchased the right goods or had the technical expertise to evaluate potential purchases. A prime example of the failure to link technical expertise with successful contracting outcomes was the purchases by TSA of puffer machines. The Department spent about $36 million developing, procuring, and maintaining machines that were supposed to detect explosives. While they worked in the lab they failed in the real world. After the machines failed, TSA had to spend nearly $1 million to remove them from airports. The puffer machines have become a legendary example of a broken process.

Since the puffer machines incident Congress required TSA to change its procurement system. When first established, TSA used a Department of Transportation procurement process. However, this process prohibited greater opportunities for small businesses, diluted transparency, and allowed for a lack of accountability across the acquisition process. Congress required TSA to operate under the FAR system commonly used in most Federal Government agencies. Under the FAR, TSA was required to contract with small and disadvantaged businesses.

In fiscal year 2012 TSA spent $2.39 billion contracting for goods and services. I look forward to hearing from TSA about why it has only been able to spend about 16 percent of its contracting dollars with small and disadvantaged businesses, well short of its goal of 23 percent. This is especially concerning when TSA has one of the lowest small business contracting goals in all of DHS.

Today we also need to evaluate the progress TSA has made in training its acquisition workforce to make procurement more efficient.

On a final point, I look forward to hearing from the Inspector General about the work he has done on the improvements made and the challenges that remain in the TSA acquisition process.

Again, I want to thank all of the witnesses who are here today, and I look forward to hearing your testimony.

Mr. Chairman, thank you, and I yield back.

[The statement of Mr. Richmond follows:]

STATEMENT OF RANKING MEMBER CEDRIC L. RICHMOND

MAY 8, 2013

I want to first thank the witnesses here today. I appreciate their work to advance TSA's procurement system and their willingness to have an open dialogue on the contacting challenges facing TSA.

After 9/11, TSA was established to implement risk-based security policies that address vulnerabilities and threats to our transportation system.

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On a final point, I look forward to hearing from the Inspector General about the work he has done on the improvements made and challenges that remain in the TSA acquisitions process.

Mr. HUDSON. I thank the gentleman.

The Chairman now recognizes the Ranking Minority Member of the full committee, the gentleman from Mississippi, Mr. Thompson, for any statement he may have.

Mr. THOMPSON. Thank you, Mr. Chairman. I would also like to thank the witnesses for appearing today.

Last year TSA spent $2.39 billion on goods and services. As a Member who has conducted extensive oversight of TSA's procurement practices, as both Chairman and Ranking Member of the full committee, I appreciate the Chairman's desire to take a close look at how TSA spends taxpayers' dollars. Upon its creation in 2001 TSA was provided wide-ranging spending flexibility in the form of an exemption from the Federal Acquisition Regulations, commonly referred to as the FAR. TSA was also exempt from major procurement laws such as Competition and Contracting Act and the Small Business Act.

In 2008 Congress acted to end TSA's exemption from the FAR, more closely aligning TSA's procurement authority with that of the rest of the Federal Government. This was done in an effort to level the playing field for small businesses and prevent the mismanagement and waste of taxpayer dollars. Unfortunately, 5 years later, and despite being bound by the FAR, challenges remain with TSA's procurement activities. As evidenced by the on-going removal of $40 million worth of recently purchased AIT machines from the field due to privacy and performance concerns, TSA continues to spend taxpayer dollars without conducting due diligence.

With the budgetary constraints we face today it is critical that every TSA dollar, every dollar TSA spends, goes toward technologies and service that work and make our transportation system more secure. I am interested in hearing how TSA is working with small businesses to enhance their opportunities to contract with

the agency. While I appreciate that TSA has established a Small and Disadvantaged Business Office, I am concerned that the agency failed to reach its goal for contracting with small businesses in 2012. I look forward to hearing Ms. Shelton Waters plan for ensuring this shortfall is not repeated in 2013. Small businesses serve as both critical job creators and innovators in our society, and TSA should make certain that it takes full advantage of opportunities to do business with them.

During our discussion today, Mr. Chairman, I hope the subcommittee remains mindful of the taxpayer dollars TSA spends on services, as well as goods. Based on data provided by TSA over the past 5 years, it has cost taxpayers an additional $75 million to maintain contract screeners in the Screening Partnership Program over what it would have cost to provide security with TSOs. Whatever your thoughts on the use of private versus Federal screeners, we cannot afford to pay a premium for comparable services.

With that, Mr. Chairman, I yield back the balance of my time.

[The statement of Mr. Thompson follows:]

STATEMENT OF RANKING MEMBER BENNIE G. THOMPSON

MAY 8, 2013

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Mr. HUDSON. Thank you, Mr. Thompson.

Other Members of the committee are reminded that opening statements may be submitted for the record.

We are pleased to have a distinguished panel of witnesses before us today. First, we have Ms. Karen Shelton Waters, who is the Transportation Security Administration's assistant administrator for the Office of Acquisition. Ms. Waters is responsible for the development of the contracting workforce and acquisition policy through the review of contract awards, investments, interagency agreements, and other transactions. Ms. Waters joined TSA in 2009. Prior to her role as assistant administrator, she served as deputy assistant administrator, chief administrative officer, with the Office of Finance and Administration where she provided oversight and management of approximately $300 million in contracts.

Mr. Paul Benda is the Director of the Homeland Security Advanced Research Projects Agency at the Department of Homeland Security's Science and Technology Directorate. Mr. Benda is responsible for directing cutting-edge research being done by teams of National experts that develop, test, and evaluate new Homeland Security technologies and capabilities. These initiatives include the Border and Maritime Security Division, the Chemical and Biological Defense Division, the Cybersecurity Division, the Explosives Division, and the Resilient Systems Division.

Mr. Stephen Lord is the Director of the Forensic Audits and Investigative Services team with the Government Accountability Office, GAO. Mr. Lord oversees a team responsible for high-quality forensic audits and investigations of fraud, waste, and abuse. Prior to this position, Mr. Lord served as the director of homeland security and justice issues at GAO, and was responsible for overseeing and directing the GAO's various engagements in the issues related to aviation and surface transportation.

Finally, Mr. Charles Edwards is the deputy inspector general of the Department of Homeland Security. Mr. Edwards is the head of the Office of Inspector General, a role he first attained when named acting inspector general in February 2011. Mr. Edwards has over 20 years of experience in the Federal Government and has held leadership positions at several Federal agencies, including TSA, the United States Postal Service's Office of Inspector General, and the United States Postal Service.

Thank you all for being here. The Chairman recognizes Ms. Waters to testify.

STATEMENT OF KAREN SHELTON WATERS, ASSISTANT ADMINISTRATOR, OFFICE OF ACQUISITION, TRANSPORTATION SECURITY ADMINISTRATION, U.S. DEPARTMENT OF HOMELAND SECURITY

Ms. WATERS. Good afternoon, Chairman Hudson, Ranking Member Richmond, and distinguished Members of the subcommittee. Thank you for the opportunity to testify before you today.

TSA's Office of Acquisition, or OA, plays a critical role in supporting TSA's counterterrorism efforts as the agency works to expand and improve risk-based, intelligence-driven security initiatives across all modes of transportation. OA is responsible for performing three critical functions for the agency. No. 1, manage pro-

grams effectively. No. 2, establish value-added business arrangements. No. 3, ensure contractor performance and delivery.

The scope of our work is significant. In the first 2 quarters of fiscal year 2013, we reported 1,776 contract actions. The total obligated dollars associated with these actions exceeded $681 million.

Spending U.S. taxpayer dollars to enhance transportation security demands transparency and accountability. OA is committed to developing, implementing, and reporting acquisition metrics that support TSA's mission, as well as testing emerging technology to ensure we are deploying the best available technology. This requires close adherence to the acquisition review process, as well as strong coordination with DHS director operational test and evaluation, or DOT&E. Working with DOT&E, TSA has developed a robust evaluation capability for screening equipment that encompasses the full range of systems engineering life cycle. Additionally, TSA is developing a test and evaluation guide that defines the process for vendors, and we are exploring the use of third parties to conduct vendor readiness testing to mature systems. Our team also works with DHS Science and Technology Directorate, or S&T, for improved market research and analysis.

One example of the role OA plays in supporting TSA's transformation to a risk-based, intelligence-driven security solution is the release earlier this year of a request for information seeking input from the contractor community concerning the possible expansion of expedited aviation physical screening initiatives.

TSA's goal in conducting this market research is to expand TSA PreCheck participation by determining if certain pre-screening processes conducted by non-Government entities could enhance aviation security. Specifically, we sought white papers that successfully demonstrate sound, well-reasoned concepts that if implemented would identify known travelers pre-screened to a high degree of confidence.

TSA conducted two well-attended industry days to discuss this with stakeholders in January and February of this year. We also worked with the outside vendors to determine security equipment testing capabilities, hoping to use this data to assist original equipment manufacturers, or OEMs, in developing more mature systems prior to entering the formal test and evaluation phase at TSA. This market research for a third-party testing concept would allow OEMs the opportunity to assess their systems against TSA requirements, enhance and mature their technology readiness, and subsequently reduce the time required to succeed through each phase of testing at TSA.

We believe that supporting and identifying third-party testing capabilities and by providing the available TSA requirements, OEMs will submit more mature systems to TSA for qualification testing, allowing TSA to meet its acquisition goals with a more streamlined process.

Partnerships and industry engagement are important drivers of innovation at TSA. One example of this is our partnership with the Washington Homeland Security Roundtable, a nonprofit group comprised of companies that actively engage in the homeland security area in policy practices and procurements. Collaborating with them via TSA's Senior Executive Industry Forum provides a way

to engage in meaningful dialogue between senior industry and TSA leadership concerning securing innovation. Earlier this year TSA and the WHSR also announced the creation of industry engagement groups and a Contracting Policy Focus Group, both of which are designed to strengthen TSA's ability to provide the most effective and efficient security. Engaging with industry through such efforts helps TSA to achieve this fundamental goal.

Finally, strategic sourcing and consolidated purchasing have become very important tools at DHS for unifying the acquisition centers at its eight components and also for integrating DHS activities and technology into a more comprehensive single enterprise.

Our Nation continues to face evolving threats to our transportation system. Acquisition management operations and policy play a crucial role in helping TSA implement an intelligence-driven, risk-based approach to security across all transportation modes.

Thank you for the opportunity to appear before you today. I look forward to answering your questions.

[The joint prepared statement of Ms. Waters and Mr. Benda follows:]

JOINT PREPARED STATEMENT OF KAREN SHELTON WATERS AND PAUL BENDA

MAY 8, 2013

Good afternoon Chairman Hudson, Ranking Member Richmond, and distinguished Members of the subcommittee. Thank you for the opportunity to testify today about the Transportation Security Administration's (TSA) acquisition and procurement policies and practices.

The TSA Office of Acquisition's (OA) mission is to enhance TSA's capabilities to protect the Nation's transportation systems by providing effective and efficient acquisition and procurement services. OA plays a critical role in supporting TSA's counterterrorism efforts as the agency works to expand and improve our risk-based, intelligence-driven security approach across all modes of transportation. We do this by managing programs through all phases of the Acquisition Life Cycle to ensure that they are planned and executed properly to accomplish outcomes on time and within budget. OA also develops procurement instruments that use business strategies that maximize value for the agency. In addition, we provide contract oversight while managing our vendor relationships to ensure that TSA gets the intended return on investment for procurement dollars spent.

To fulfill its security responsibilities for deploying and operating state-of-the-art security technology at over 450 airports across the Nation, TSA must be able to rapidly deploy technology to respond to changing threat information, or to have equipment ready to deploy when airport facilities are changed to accommodate the equipment. In the first two quarters of fiscal year 2013, TSA executed a total of 1,776 contract actions exceeding $681 million in support of all TSA contract requirements. To ensure we continue to act as responsible stewards of taxpayer dollars, we are developing, implementing, and reporting acquisition metrics that coincide with TSA's mission and vision as well as fully and adequately testing emerging technologies to ensure we are deploying and relying upon the best technologies available to protect transportation systems and travelers.

COLLABORATION WITHIN THE DEPARTMENT OF HOMELAND SECURITY (DHS)

TSA completes acquisition and procurement measures in close coordination with DHS acquisition-related organizations. This includes a robust test and evaluation capability that is utilized on screening equipment and encompasses the range of the systems' engineering life cycle from developmental to operational test and evaluation (T&E). The TSA T&E program, which is conducted by the Operational Test Agent and approved by DHS through appropriate Test and Evaluation Master Plans, provides key insights into capabilities and limitations of all tested systems and technologies. Additionally, TSA is developing a test and evaluation guide that defines the process for vendors and explores the use of third parties to conduct vendor readiness testing to mature systems. TSA is working with the DHS Science and

Technology Directorate (S&T) to conduct market research and analysis in this area and we anticipate that the guide will be ready for release in the summer.

DHS uses strategic sourcing initiatives to leverage the purchasing power of the entire Department for a variety of items including screening technology. While TSA continues to utilize existing DHS strategic sourcing vehicles, we have also been designated the Executive Agent/Contracting Activity for security screening equipment that can be utilized by other DHS components. By consolidating the Department's spending into a single vehicle, DHS expects savings in terms of acquisition process as well as in actual procurement costs.

TESTING INNOVATION

TSA believes that by its supporting and identifying third-party testing capabilities and by providing the Original Equipment Manufacturers (OEMs) and potential testers, such as universities and laboratories, with the applicable TSA requirements and testing documentation specific to the systems under development, the OEMs will submit more mature systems to TSA for qualification testing. In December 2012, TSA issued a Request for Information (RFI) to solicit input from security equipment testing entities regarding their capabilities to perform developmental test and evaluation of Transportation Security Equipment (TSE) and to provide this information to OEMs, vendors that originally manufactured the equipment. In an effort to expedite the testing, acquisition, and deployment of qualified systems, TSA promotes the establishment of preliminary system development gateways by identifying capable third-party testing facilities. The purpose of creating these gateways is to assist OEMs in developing more mature systems prior to entering the formal TSA test and evaluation process. This allows OEMs to assess their systems against TSA requirements, enhance and mature their technology readiness, and subsequently reduce the time required to proceed through each phase of TSA testing.

INDUSTRY ENGAGEMENT

Partnerships and industry engagement are important drivers of innovation at TSA, and OA plays an important role in supporting TSA's efforts to work with the private sector to develop and deploy innovative and effective screening capabilities across the Nation's transportation systems.

In December 2011, TSA executed a Memorandum of Understanding (MOU) with the Washington Homeland Security Roundtable (WHSR), a non-profit group comprised of companies that are actively engaged in homeland security issues. This MOU established a framework for an on-going dialogue between TSA representatives and WHSR members concerning security innovations. In February 2013, TSA and WHSR announced the creation of the Industry Engagement Group, which provides private-sector companies and organizations with opportunities to work with TSA at an enterprise level. This group will not discuss specific acquisitions or TSA programs, but rather focuses on identifying methods and processes by which TSA can effectively engage with industry on matters related to acquisition. The WHSR has also established a TSA Contracting/Acquisition Policy Focus Group. This group gathers participants' input on policies, regulations, and current practices to drive the content and costs of the contracting process so as to increase effectiveness and efficiency.

Additional industry engagement activities include TSA participation in monthly discussions with the Security Manufacturers Coalition regarding future programmatic direction, challenges, and interests. This group was created by the security technology manufacturers themselves, and the members must be active vendors of DHS security technology. TSA also interacts with the Airport Consultants Council (ACC), which is involved in the development and operations of airports and related facilities. TSA participates in an annual Technology Day with ACC and receives input from the organization regarding TSA processes and planning.

TSA also recognizes that small businesses are of vital importance to the economic strength of the country. Each year, TSA hosts the Small Business Fair, which provides an opportunity for a range of vendors to discuss their products while also learning more about TSA's acquisition requirements. We also contribute to vendor outreach events across the country through field office participation. In fiscal year 2012, TSA obligated $289 million to small businesses in over 2,000 contract actions; additionally, TSA exceeded its Small Disadvantaged and Service Disabled Veteran-Owned Small Business Goals.

CONCLUSION

Acquisition operations and policy play a crucial role in helping TSA and DHS S&T implement an intelligence-driven, risk-based approach to security across all trans-

portation modes while implementing operational and management efficiencies across the organization. As we strive to continue strengthening transportation security and improving, whenever possible, the overall travel experience for all Americans, we must always remember that our success is defined by our people. Whether it is for business or for pleasure, the freedom to travel from place to place is fundamental to our way of life, and to do so securely is a goal to which everyone at TSA and DHS S&T is fully committed. Thank you for the opportunity to appear before you today and I look forward to answering your questions.

Mr. BARLETTA [presiding]. Thank you, Ms. Waters.

The Chairman recognizes Mr. Benda to testify.

STATEMENT OF PAUL BENDA, DIRECTOR, ADVANCED RESEARCH PROJECTS AGENCY, SCIENCE & TECHNOLOGY DIRECTORATE, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. BENDA. Good afternoon, Mr. Barletta, Ranking Member Richmond, and Mr. Thompson. I appreciate the opportunity to come before you today to discuss the Science and Technology Directorate's activities in support of TSA. If I could have your forbearance for a couple of minutes I would like to say a few brief introductory words for S&T. S&T supports DHS components and first responders across the homeland security enterprise. We focus on technology and knowledge development that will make their operations more effective and efficient, we build partnerships across the interagency to ensure we leverage everyone else's R&D, we basically beg, borrow, and steal technology and capabilities where we can find it to leverage it against homeland security challenges, we provide acquisition support to DHS components by being the technical and scientific core of the Department.

But I would like to start our conversation here today with a question, which is: Why invest in S&T? In this era of austere budgets, where we have trouble fully funding our front-line operations, why should we set money aside for S&T? I think there is two reasons behind that. One is an adaptive adversary. As we can see on aviation security, we have moved from the Lockerbie bombings, which was explosives in checked bags, to armed assaults on 9/11, to explosives in printer toner cartridges.

Another is the inexorable march of commerce. Currently, TSA screens 2 million domestic air travel passengers a day. They expect a growth of 4 to 5 percent per year of travel, which means in 5 years you will have 2.5 million passengers transiting through our airports, an increase of 500,000 people. With the budgets that we have today and expectations that staffing levels will remain flat, how do we maintain the throughput and the security that is required to keep commerce and travel safe? We believe that technology can serve that role.

So the challenge we have is, in this budget environment how can we do that? One of the ways we do that is trying to leverage the investments made by the Department of Defense, or DOD. We are positioning ourselves as the transition partner for DOD's R&D and their technologies. We have examples where we have leveraged a $25 million program from DARPA and actually transitioned that capability into an operational capability for an explosive detection system. We have partnered with SOCOM in developing a classified capability for the U.S. Secret Service that has actually reduced the

cost of that capability development by over 80 percent, saving around $8 million.

We work closely with the intel community and CIA's In-Q-Tel, which is a strategic investment firm. For every dollar S&T invests, we get $3 matching from the intelligence community and $9 from the private investment community. It is this leveraging of others' investments that S&T brings to TSA's problems. But the challenge we have is making sure that the investments that we make at S&T address TSA's key priorities. To solve that we are working to develop R&D strategies. Basically we have conversations with senior leadership of the components at the assistant administrator, assistant secretary level. We ask them to outline what are their key priorities and key challenges. We document that, and in fact we are co-writing that R&D strategy as we speak with the chief technical officer at TSA, Assistant Administrator Sanders, and we will cosign that strategy. Once that is complete, we map our S&T investments against that strategy so we can ensure every dollar spent on S&T is on a need that the components have.

But the key isn't only making sure our investments align against TSA's needs, but give an industry insight into where we are going. We think it is essential that we provide a road map to industry on the challenges the components face and the S&T investments we are making to meet those challenges. So every R&D strategy will be briefed to industry. In fact, we briefed our first webinar, which was a briefing on R&D strategies last week, which was received by industry as an unmitigated success. We plan to do that for all of our R&D strategies.

So this partnership with S&T and TSA has never been stronger and has begun to bear fruit. In fact, TSA has designated HSARPA as their lead for developmental test and evaluation for explosive detection devices. This, combined with our statutory role in operational test and evaluation, should create a seamless process for industry and TSA when it comes to testing.

We have worked with TSA where they now force vendors to provide the raw data from their explosive detection machines, basically breaking up the proprietary stranglehold that those vendors had on that data. This is really important because it allows to us spur innovation and let small businesses have access to those algorithms. Whereas before had you a single vendor that provided a single answer, we can now invite small businesses to see if they can come up with better ways to manipulate that data to get a better answer out.

But perhaps most exciting are the advances we see in new technologies coming down the pike. Working with prestigious universities across the country, we have actually developed the next-generation AIT machine. We hope to have a prototype within the next 3 years, but basically instead of walking into an AIT and getting a single picture, we hope to have a walk-through AIT machine. We are going to couple that with investment that industry has made on a new type of X-ray technology that will not only get a better picture, but actually identify what is in the bag.

So the vision is within 3 years you will be able to walk up to a checkpoint, drop your bag on a conveyor belt, walk through an AIT, and pick up your bag. You will not have to take your shoes off,

your belt off, or empty your pockets. We believe within 3 years we will have that prototype.

This is only possible because of the strong partnership that S&T and TSA has made. We believe that this unprecedented partnership that has been built will vastly improve the traveling public's experience and change the face of aviation security as we know it. Thank you for your time and attention, and I will be happy to answer any questions you have.

Mr. BARLETTA. Thank you, Mr. Benda.

The Chairman recognizes Mr. Lord to testify.

STATEMENT OF STEPHEN M. LORD, DIRECTOR, FORENSIC AUDITS AND INVESTIGATIVE SERVICES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. LORD. Thank you, Representative Barletta, Ranking Members Richmond and Thompson. I am really happy to be here today to discuss the large body of work we completed on TSA's acquisitions and related technologies. This is really an important issue as these systems represent billions of dollars of life-cycle costs. I think if you look at our work very broadly and not get into the weeds of any particular port, you will see that we have identified three key challenges across our work.

The first underscores the importance of setting clear requirements at the start of a program. The second issue is the importance of testing technology before you field it. As Representative Richmond noted, TSA has had some unfortunate examples in the past. Hopefully, those have all been successfully addressed. The third issue is delivering systems on time and within budget and having a good documentary trail to show that has actually taken place.

In terms of setting requirements, we issued a January 2012 report on the advanced imaging technology system, and we noted in the report that the technology met evolving requirements but not the original requirements that were approved at the start of the acquisition. We also looked at the way these changes were documented and approved in the Department and we didn't really see a clear rationale or reasons for why these changes took place. It just underscores again the importance of having a good set of foundation documents to lay all this out.

As part of this review we also recommended that TSA develop a road map to keep senior management better-informed about where the technology was going and what success they were having in meeting any new requirements or milestones.

In terms of the second key issue we have identified—testing—our work has clearly shown the importance of testing technology before fielding it. Otherwise sometimes you encounter unsuccessful acquisition outcomes. For example, we recently issued a canine report which shows that TSA deployed, ramped up their canine program while they were in the middle of assessing their operational effectiveness. So, again, you can do that, but it is considered a higher-risk strategy. We thought it was really important that they do this for this new type of canine, they are called passenger screening canines. They attempt to detect explosives on a passenger moving through the airport terminal in contrast to conventional canines

which tend to be used in other areas. Hopefully this testing is going to allow TSA to determine two important things: Whether the passenger screening canines work better than conventional canines, whether they are more effective, and where in the airport they work best, in the screening area, in the sterile area, or in the public lobby area?

Our work has also underscored the importance of developing good baseline measures of cost, schedule, and performance at the start of the program, not while the program is already underway or if you have already spent precious taxpayer resources. The good news is, in response to the challenges we have identified in our past report, TSA has taken several important actions to rectify these issues. More broadly at the Department, the Department of Homeland Security recognizes they have had some weaknesses in this area in adhering to their governance structure and are taking some additional steps and developing some new tools to ensure more successful acquisition outcomes.

But if you looked at the Department more broadly, it is clear that significant work still remains. DHS major acquisitions continue, they cost more than expected, take longer to deploy than planned, and deliver less capability than promised. For example, we did a recent report in which we noticed that 16 of 42 DHS acquisition programs experienced cost growth of 166 percent over 3 years, and that is a pretty big jump.

In closing, our past work has underscored the importance of clearly defining and consistently implementing acquisition policies and procedures, and having a capable workforce and most importantly a supportive management culture to allow these procedures to be adhered to and the acquisitions to move forward. Doing so will help ensure a good outcome and help ensure precious taxpayer dollars are spent wisely.

Mr. Chairman, this concludes my statement, and I look forward to your questions.

[The prepared statement of Mr. Lord follows:]

PREPARED STATEMENT OF STEPHEN M. LORD

MAY 8, 2013

GAO HIGHLIGHTS

Highlights of GAO–13–469T, a testimony before the Subcommittee on Transportation Security, Committee on Homeland Security, House of Representatives.

Why GAO Did This Study

TSA acquisition programs represent billions of dollars in life-cycle costs and support a range of aviation security programs, including technologies used to screen passengers and checked baggage. Within DHS, TSA is responsible for establishing requirements for testing and deploying transportation system technologies. Since 2010, GAO has reported that DHS and TSA faced challenges in managing acquisition efforts, including deploying technologies that did not meet requirements and were not appropriately tested and evaluated.

As requested, this testimony discusses: (1) The extent to which TSA addressed challenges relating to developing and meeting program requirements, testing new screening technologies, and delivering capabilities within cost and schedule estimates for selected programs, and (2) DHS efforts to strengthen oversight of component acquisition processes. This testimony is based on GAO products issued from January 2010 through January 2013, including selected updates conducted in March 2013 on TSA's efforts to implement GAO's prior recommendations and preliminary

observations from on-going work. To conduct the updates and on-going work, GAO analyzed documents, such as the AIT road map, and interviewed TSA officials.

What GAO Recommends

GAO has made recommendations to DHS and TSA in prior reports to help strengthen its acquisition processes and oversight. DHS and TSA generally concurred and are taking actions to address them.

HOMELAND SECURITY.—DHS AND TSA CONTINUE TO FACE CHALLENGES DEVELOPING AND ACQUIRING SCREENING TECHNOLOGIES

What GAO Found

The Transportation Security Administration (TSA) has taken and is taking steps to address challenges related to developing, testing, and delivering screening technologies for selected aviation security programs, but challenges remain. For example, in January 2012, GAO reported that TSA faced challenges developing and meeting key performance requirements for the acquisition of advanced imaging technology (AIT)—i.e., full-body scanners. Specifically, GAO found that TSA did not fully follow Department of Homeland Security (DHS) acquisition policies when acquiring AIT, which resulted in DHS approving Nation-wide AIT deployment without full knowledge of TSA's revised specifications. DHS required TSA to notify DHS's Acquisition Review Board (ARB) if AIT could not meet any of TSA's five key performance parameters or if TSA changed a key performance parameter during testing. However, GAO found that the ARB approved TSA for full-scale production without reviewing the changed parameter. DHS officials said that the ARB should have formally reviewed this change to ensure that TSA did not change it arbitrarily. GAO recommended that TSA develop a road map that outlines vendors' progress in meeting all key performance parameters. DHS agreed, and developed a road map to address the recommendation, but faces challenges implementing it—e.g., due to vendor delays. Additionally, in January 2013, GAO reported that TSA faced challenges related to testing and deploying passenger screening canine teams. Specifically, GAO concluded that TSA began deploying these canine teams to airport terminals in April 2011 prior to determining the canine teams' operational effectiveness. In June 2012, DHS and TSA began conducting operational assessments to help demonstrate canine teams' effectiveness. Also, TSA began deploying teams before it had completed an assessment to determine where within the airport the canine teams would be most effectively utilized. GAO recommended that on the basis of DHS assessment results, TSA expand and complete testing to assess the effectiveness of canine teams in areas of the airport deemed appropriate. DHS agreed and officials said that as of April 2013, TSA had concluded testing in collaboration with DHS of canine teams in airport sterile areas—in general, areas of an airport for which access is controlled through screening of persons and property—and is testing teams on its own in airport sterile and public areas.

DHS has some efforts under way to strengthen its oversight of component investment and acquisition processes, but additional actions are needed. In September 2012, GAO reported that while DHS had initiated efforts to address the Department's acquisition management challenges, most of DHS's major acquisition programs continue to cost more than expected, take longer to deploy than planned, or deliver less capability than promised. GAO identified 42 DHS programs that experienced cost growth, schedule slips, or both, with 16 of the programs' costs increasing from a total of $19.7 billion in 2008 to $52.2 billion in 2011—an aggregate increase of 166 percent. GAO concluded that DHS recognized the need to implement its acquisition policy more consistently, but that significant work remained. GAO recommended that DHS modify acquisition policy to better reflect key program and portfolio management practices and ensure acquisition programs fully comply with DHS acquisition policy. DHS agreed, and in September 2012 officials stated that it was in the process of revising its policy to more fully reflect key program management practices.

Chairman Hudson, Ranking Member Richmond, and Members of the committee: I am pleased to be here today to discuss our work examining the Transportation Security Administration's (TSA) efforts to develop and acquire new technologies to address homeland security needs. Within the Department of Homeland Security (DHS), TSA is responsible for securing the Nation's transportation systems. TSA's acquisition programs represent billions of dollars in life-cycle costs and support a wide range of aviation security missions and investments, including technologies used to screen passengers, checked baggage, and air cargo, among others. For example, technologies used to screen passengers include advanced imaging technology (AIT), commonly referred to as full-body scanners, that screen passengers for metal-

lic and nonmetallic threats such as weapons, explosives, and other objects concealed under layers of clothing, and passenger screening canines trained to detect explosives being carried or worn by passengers.[1] In addition, technologies used to screen checked baggage include explosives detection systems (EDS), which use X-rays with computer-aided imaging to automatically measure the physical characteristics of objects in baggage.[2] Consistent with its responsibility, TSA establishes requirements for testing and deploying these technologies to, for example, screen airline passengers and their property.

Since 2010, we have reported that DHS and TSA have experienced challenges in managing their multi-billion-dollar acquisition efforts, including implementing technologies that did not meet intended requirements and were not appropriately tested and evaluated, and not consistently completing analyses of costs and benefits before technologies were deployed for operational use. As requested, my testimony provides an update on that work, including: (1) The extent to which TSA has addressed challenges relating to developing and meeting program requirements, testing new screening technologies, and delivering capabilities within agreed-upon cost and schedule estimates for select programs, and (2) DHS efforts to strengthen its oversight of component investment and acquisition processes.

This statement is based on GAO reports and testimonies issued from January 2010 through January 2013, including selected updates conducted in March 2013 on TSA's efforts to implement our prior recommendations.[3] Specifically, to conduct these updates, we obtained information from TSA on the status of the current EDS acquisition and upgrades to existing systems, as well as on testing of passenger screening canine teams. Our previous reports incorporated information we obtained and analyzed from TSA and DHS officials on efforts to manage, test, acquire, deploy, and oversee various technology programs, including program schedules, planning documents, testing reports, and other acquisition documentation. Our previously published products contain additional details on the scope and methodology of our reports.

In addition, this statement includes preliminary observations based on on-going work we conducted during the winter of 2013 at your request, assessing the effectiveness of AIT equipped with automated target recognition (ATR) software.[4] As part of this on-going work, we analyzed documents and interviewed TSA officials on the status of AIT development and deployment efforts and milestones. All of our work was conducted in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. For new information that was based on work not previously reported, we obtained TSA's views on our findings and incorporated technical comments where appropriate.

BACKGROUND

In 2003, we designated implementing and transforming DHS as high-risk because DHS had to transform 22 agencies—several with major management challenges—into one department.[5] Further, failure to effectively address DHS's management and mission risks could have serious consequences for U.S. National and economic security. Given the significant effort required to build and integrate a department as large and complex as DHS, our initial high-risk designation addressed the Department's initial transformation and subsequent implementation efforts, to include associated management and programmatic challenges. At that time, we reported that the creation of DHS was an enormous undertaking that would take time to achieve, and that the successful transformation of large organizations, even those undertaking less strenuous reorganizations, could take years to implement.

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[1] Although canines are not considered a technology, they have been included in this testimony as one of the layers TSA relies on to screen passengers, baggage, and air cargo for explosives odor.

[2] An EDS automatically triggers an alarm when objects that exhibit the physical characteristics of explosives are detected.

[3] See the related GAO products list at the end of this statement.

[4] We plan to issue a report with the results from this work in the fall of 2013. AIT systems equipped with ATR software display anomalies that could pose a threat using a generic figure for all passengers.

[5] GAO, *High-Risk Series: Government-wide 2013 Update and Progress Made by the Department of Homeland Security,* GAO–13–444T (Washington, DC: Mar. 21, 2013).

As DHS continued to mature, and as we reported in our assessment of DHS's progress and challenges 10 years after the terrorist attacks of September 11, 2001, we found that the Department implemented key homeland security operations and achieved important goals in many areas to create and strengthen a foundation to reach its potential.[6] As a result, we narrowed the scope of the high-risk area and changed the name from Implementing and Transforming the Department of Homeland Security to Strengthening the Department of Homeland Security Management Functions. Recognizing DHS's progress in transformation and mission implementation, our 2011 high-risk update focused on the continued need to strengthen DHS's management functions (acquisition, information technology, financial management, and human capital) and integrate those functions within and across the Department, as well as the impact of these challenges on the Department's ability to effectively and efficiently carry out its missions.

The Aviation and Transportation Security Act (ATSA) established TSA as the Federal agency with primary responsibility for securing the Nation's civil aviation system, which includes the screening of all passengers and property transported to, from, and within the United States by commercial passenger aircraft.[7] In response to the December 25, 2009, attempted terrorist attack on Northwest Airlines Flight 253, TSA revised its procurement and deployment strategy for AIT, commonly referred to as full-body scanners, increasing the number of AIT units it planned to procure and deploy. TSA stated that AIT provides enhanced security benefits compared with walk-through metal detectors, such as enhanced detection capabilities for identifying non-metallic threat objects and liquids. In July 2011, TSA began installing ATR software on deployed AIT systems designed to address privacy concerns by eliminating passenger-specific images. As of May 2013, TSA had deployed about 750 AIT systems to more than 200 airports, most of which were equipped with ATR software. In January 2012, we issued a classified report on TSA's procurement and deployment of AIT that addressed the extent to which: (1) TSA followed DHS acquisition guidance when procuring AIT, and (2) deployed AIT units are effective at detecting threats. Pursuant to the FAA Modernization and Reform Act of 2012, TSA was mandated to ensure that all AIT systems used to screen passengers are equipped with and employ ATR software by June 1, 2012.[8] Consistent with provisions of the law, TSA subsequently extended this deadline to June 1, 2013.[9]

TSA HAS TAKEN SOME STEPS TO ADDRESS CHALLENGES IDENTIFIED IN DEVELOPING, TESTING, AND DELIVERING SELECT SCREENING TECHNOLOGIES

While TSA has taken some steps and is taking additional steps to address challenges related to developing, testing, and delivering screening technologies for selected aviation security programs, additional challenges remain.

Developing and Meeting Key Performance Requirements for TSA Screening Technologies

As we have reported in the past few years, it is difficult to fully assess program performance without establishing valid baseline requirements in key foundation documents at the program start. According to best practices established in prior work on major acquisitions, without the development, review, and approval of key acquisition documents, such as the mission need statement and the operational requirements document, agencies are at risk of having poorly-defined requirements that can negatively affect program performance and contribute to increased costs.[10] Specifically, we have reported in the past few years that TSA has faced challenges in

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[6] GAO, *Department of Homeland Security: Progress Made and Work Remaining in Implementing Homeland Security Missions 10 Years after 9/11,* GAO–11–881 (Washington, DC: Sept. 7, 2011).

[7] See Pub. L. No. 107–71, 115 Stat. 597 (2001). For purposes of this testimony, "commercial passenger aircraft" refers to a U.S.- or foreign-flagged air carrier operating under TSA-approved security programs with regularly scheduled passenger operations to or from a U.S. airport.

[8] See Pub. L. No. 112–95, § 826, 126 Stat. 11, 132–33 (2012) (codified at 49 U.S.C. § 44901(l)).

[9] On March 26, 2013, TSA published a Notice of Proposed Rulemaking in the *Federal Register* soliciting public comment on the use of AIT as a primary means for screening passengers. See 78 Fed. Reg. 18,287 (Mar. 26, 2013).

[10] GAO, *Best Practices: An Integrated Portfolio Management Approach to Weapon System Investments Could Improve DOD's Acquisition Outcomes,* GAO–07–388 (Washington, DC: Mar. 30, 2007). The mission need statement outlines the specific functional capabilities required to accomplish DHS's mission and objectives, along with deficiencies and gaps in these capabilities. The operational requirements document includes key performance parameters and describes the mission, capabilities, and objectives to provide needed capabilities.

developing and meeting program requirements in some of its aviation security programs. For example:

AIT.—In January 2012 we concluded that TSA did not fully follow DHS acquisition policies when acquiring AIT, which resulted in DHS approving full AIT deployment without full knowledge of TSA's revised specifications.[11] Specifically, DHS's Acquisition Management Directive 102–01 (AD 102) required TSA to notify DHS's Acquisition Review Board (ARB) if AIT could not meet any of TSA's five key performance parameters or if TSA changed a key performance parameter during qualification testing.[12] Senior TSA officials acknowledged that TSA did not comply with the directive's requirements, but stated that TSA still reached a "good decision" in procuring AIT and that the ARB was fully informed of the program's changes to its key performance parameters. Further, TSA officials stated that the program was not bound by AD 102 because it was a new acquisition process and they believed that the ARB was not fully functioning at the time.[13] DHS officials stated that the ARB discussed the changed key performance parameter but did not see the documents related to the change and determined that TSA must update the program's key acquisition document, the Acquisition Program Baseline, before TSA could deploy AIT systems. However, we concluded that, according to a February 2010 acquisition decision memorandum from DHS, the ARB gave approval to TSA for full-scale production without reviewing the changed key performance parameter. DHS officials stated that the ARB should have formally reviewed changes made to the key performance parameter to ensure that TSA did not change it arbitrarily. According to TSA, it should have submitted its revised requirements for approval, but it did not because there was confusion as to whether DHS should be informed of all changes. Acquisition best practices state that programs procuring new technologies with fluctuating requirements pose challenges to agencies ensuring that the acquisition fully meets program needs.[14] DHS acquisition oversight officials agreed that changing key requirements is not a best practice for system acquisitions already under way. As a result, we found that TSA procured and deployed a technology that met evolving requirements, but not the initial requirements included in its key acquisition requirements document that the agency initially determined were necessary to enhance aviation security. We recommended that TSA develop a road map that specifies development milestones for AIT and have DHS acquisition officials approve the road map. DHS agreed with our recommendation and has taken actions to address it, which we discuss below.

EDS.—In July 2011, we found that TSA revised its EDS requirements to better address current threats, and had plans to implement these requirements in a phased approach.[15] However, we found that some number of EDS machines in TSA's checked baggage screening fleet were configured to detect explosives at the levels established in 2005 and that the remaining EDS machines are configured to detect explosives at levels established in 1998.[16] When TSA established the 2005 requirements, it did not have a plan with the appropriate time frames needed to de-

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[11] In January 2012, we issued a classified report on TSA's procurement and deployment of AIT at airport checkpoints.

[12] AD 102 (effective November 7, 2008) and its associated instruction manual establish the Department's policies and processes for managing major acquisition programs. DHS generally defines major programs as those expected to cost at least $300 million over their respective life cycles, and many are expected to cost more than $1 billion. The ARB, now called the Investment Review Board, is the cross-component board within DHS that determines whether a proposed acquisition has met the requirements of key phases in the acquisition life-cycle framework and is able to proceed to the next phase and eventual full production and deployment. Key performance parameters (KPP) are system characteristics that are considered critical or essential. Failure to meet a KPP could be the basis to reject a system solution.

[13] DHS's Under Secretary for Management issued a memorandum on November 7, 2008, requiring compliance with the directive at the program's next formal decision point, but no later than 6 months from the date of the directive (by May 2009). DHS acquisition officials stated that enforcing compliance with the new policy took almost 1 year, but that it worked with TSA to make the directive's requirements known. However, DHS's previous directive—Management Directive 1400, which AD 102 superseded—also required component agencies to follow a similar process whereby programs were reviewed by DHS's Investment Review Board. Accordingly, the Investment Review Board began reviewing TSA's AIT program (at that time called the Whole Body Imager) as early as 2008.

[14] GAO, *Defense Acquisitions: Managing Risk to Achieve Better Outcomes,* GAO–10–374T (Washington, DC: Jan. 20, 2010).

[15] GAO, *Aviation Security: TSA Has Enhanced Its Explosives Detection Requirements for Checked Baggage, but Additional Screening Actions Are Needed,* GAO–11–740 (Washington, DC: Jul. 11, 2011).

[16] Details on the number of EDS machines were omitted because TSA deemed them Sensitive Security Information, which must be protected from public disclosure pursuant to 49 C.F.R. part 1520.

ploy EDS machines that meet the requirements. To help ensure that TSA's checked baggage-screening machines are operating most effectively, we recommended that TSA develop a plan to deploy EDSs that meet the most recent explosive detection requirements established in 2010 and ensure that new machines, as well as machines already deployed in airports, will be operated at the levels established in those requirements. DHS concurred with our recommendation and has begun taking action to address it. Specifically, in April 2012, TSA reported that it had awarded contracts to vendors to implement detection upgrades across the currently deployed EDS fleet to meet the 2010 requirements. In March 2013, TSA reported that it plans to complete upgrading the currently deployed fleet by the end of fiscal year 2013. However, our recommendation is intended to ensure that EDS machines in use at airports meet the most recent detection requirements—both previously deployed units as well as newly-procured machines. Until TSA develops such a plan, it will be difficult for the agency to provide reasonable assurance that its upgrade approach is feasible or cost-effective.

Testing New Screening Technologies

As we have reported in the past few years, TSA has not always resolved problems discovered during testing, which has led to costly redesign and rework at a later date, as shown in the following examples. We concluded that addressing such problems before moving to the acquisition phase can help agencies better manage costs. Specifically:

Canines.—In January 2013, we found that TSA began deploying passenger screening canine teams to airport terminals in April 2011 prior to determining the teams' operational effectiveness.[17] According to TSA officials, operational assessments did not need to be conducted prior to deployment because canines were being used to screen passengers by other entities, such as airports in the United Kingdom. In June 2012, the DHS Science and Technology Directorate (S&T) and TSA began conducting operational assessments to help demonstrate the effectiveness of passenger screening canine teams.[18] We recommended that on the basis of the results of DHS's assessments, TSA expand and complete operational assessments of passenger screening canine teams, including a comparison with conventional explosives detection canine teams before deploying passenger screening canine teams on a Nationwide basis to determine whether they are an effective method of screening passengers in the U.S. airport environment, particularly since they cost the Federal Government more than TSA's conventional canine teams.[19] Additionally, we found that TSA began deploying passenger screening canine teams before it had completed an assessment to determine where within the airport (i.e., the public, checkpoint, or sterile areas) the teams would be most effectively utilized.[20] TSA leadership focused on initially deploying passenger screening canine teams to a single location within the airport—the sterile area—because it thought it would be the best way to foster stakeholders' acceptance of the teams. However, aviation stakeholders we interviewed at the time raised concerns about this deployment strategy, stating that passenger screening canine teams would be more effectively utilized in nonsterile areas of the airport, such as curbside or in the lobby areas. DHS concurred with our recommendation to expand and complete testing to assess the effectiveness of the teams in areas of the airport deemed appropriate. As of April 2013, TSA concluded testing with DHS S&T of passenger screening canine teams in the sterile areas of airports, and TSA is still in the process of conducting its own testing of the teams in the sterile and public areas of the airports.

EDS.—In July 2011, we found that TSA experienced challenges related to collecting explosives data needed by vendors to develop EDS detection software.[21] These data are also needed by TSA for testing the machines to determine whether they meet established requirements prior to their procurement and deployment to airports. In the course of collecting data, TSA officials encountered problems associated with safely handling and consistently formulating some explosives, which contributed to delays in providing vendors with the data needed to develop the explo-

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[17] GAO, *TSA Explosives Detection Canine Program: Actions Needed to Analyze Data and Ensure Canine Teams Are Effectively Utilized,* GAO–13–239 (Washington, DC: Jan. 31, 2013).

[18] The results were deemed sensitive security information by TSA. DHS S&T has responsibility for coordinating and conducting basic and applied research, development, demonstration, testing, and evaluation activities relevant to DHS components.

[19] TSA's conventional explosives detection canines are trained to detect explosives in stationary objects (e.g., baggage and vehicles).

[20] The sterile area of an airport is the portion in an airport, defined in the airport's security program, that provides passengers access to boarding aircraft and to which the access generally is controlled through the screening of persons and property. See 49 C.F.R. § 1540.5.

[21] GAO–11–740.

sives detection software. These delays, in turn resulted in delays to TSA's planned EDS acquisition schedule, which involved implementing the 2010 requirements in phases. We recommended that TSA develop a plan to ensure that it has the explosives data needed for each of the planned phases of the 2010 EDS requirements before starting the procurement process for new EDSs or upgrades included in each applicable phase. DHS stated that TSA modified its strategy for the EDS's competitive procurement in July 2010 in response to challenges working with the explosives by removing the data collection from the procurement process. In April 2012, TSA reported that it had begun using a Qualified Products List for its acquisition of EDS, which would separate the need for explosives data from future procurements, and would require that EDS be certified to meet detection requirements prior to beginning acquisitions of EDS to meet those requirements.[22]

Delivering Capabilities Within Schedule and Cost Estimates

According to best practices established in prior work on major acquisitions, realistic program baselines with stable requirements for cost, schedule, and performance are important to delivering capabilities within schedule and cost estimates.[23] Our prior work has found that program performance metrics for cost and schedule can provide useful indicators of program health and can be valuable tools for improving oversight of individual programs. According to DHS's acquisition guidance, the program baseline is the contract between the program and Departmental oversight officials and must be established at program start to document the program's expected cost, deployment schedule, and technical performance. Best practices guidance states that reliable and realistic cost, schedule, and performance estimates help ensure that a program will deliver capabilities on time and within budget.[24] However, as we have reported in the past few years and on the basis of our preliminary observations from our on-going work, TSA has not always developed accurate baselines for establishing cost, schedule, and performance estimates.

AIT.—In January 2012, we found that TSA did not have clear plans to require AIT vendors to meet milestones used during the AIT acquisition. On the basis of our findings, we recommended that TSA develop a road map that outlines vendors' progress in meeting all key performance parameters because it is important that TSA convey vendors' progress in meeting those requirements and full costs of the technology to decision makers when making deployment and funding decisions. While TSA reported that it hoped vendors would be able to gradually improve meeting key performance parameters for AIT over time, we concluded that TSA would have more assurance that limited taxpayer resources are used effectively by developing a road map that specifies development milestones for the technology and having DHS acquisition officials approve this road map. DHS agreed with our recommendation and has taken actions to address it. For example, in February 2012, TSA developed a road map that specifies development and deployment milestones, including the addition of ATR to existing deployed systems, continued development of enhanced detection capabilities, and acquisition plans for the next generation of AIT systems (AIT–2).[25] In July 2012, DHS acquisition officials reviewed the AIT road map. However, on the basis of our preliminary observations from our on-going work conducted in March 2013, we found that TSA has fallen behind schedule as outlined in the AIT road map to install ATR software upgrades to existing deployed AIT systems because of one of the vendors' inability to develop this software in time for the installation of ATR software on all units by June 2013. TSA subsequently decided to terminate its contract with this vendor and remove all deployed units from airports. TSA has also fallen behind schedule as outlined in the AIT road map to acquire and test AIT–2 systems because of vendors' inability to provide required documentation verifying that contractual requirements have been met and the units are ready to begin testing. Although TSA updated the AIT road map in October 2012, it subsequently missed some of the key deadlines specified in the updated version as well. We currently have on-going work related to this area and we plan to report the results in the fall of 2013.[26]

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[22] Technologies that successfully pass independent and operational evaluation are added to a list of qualified products.

[23] GAO–07–388.

[24] GAO–07–388.

[25] In February 2012, TSA issued a request for vendors to provide a second generation of AIT system, referred to as AIT–2. In September 2012, TSA made contract awards to purchase and test AIT–2 systems from three vendors. All AIT–2 systems are required to be equipped with ATR, have a smaller footprint than previous systems, and be capable of meeting enhanced detection requirements, among other things.

[26] In response to your request, we have initiated a review of AIT that will examine the effectiveness of AIT systems equipped with ATR.

EDS.—In July 2011, we found that TSA had established a schedule for the acquisition of EDS machines but it did not fully comply with leading practices, and TSA had not developed a plan to upgrade its EDS fleet to meet the current explosives detection requirements.[27] These leading practices state that the success of a large-scale system acquisition, such as TSA's EDS acquisition, depends in part on having a reliable schedule that identifies when the program's set of work activities and milestone events will occur, amongst other things. However, we reported that the schedule for the EDS acquisition is not reliable because it does not reflect all planned program activities and does not include a time line to deploy EDSs or plans to procure EDSs to meet subsequent phases of explosive detection requirements. On the basis of our findings, we concluded that developing a reliable schedule would help TSA better monitor and oversee the progress of the EDS acquisition. DHS concurred with our recommendation to develop and maintain a schedule for the entire Electronic Baggage Screening Program in accordance with the leading practices we identified for preparing a schedule.[28] In July 2011, DHS commented that TSA had already begun working with key stakeholders to develop and define requirements for a schedule and to ensure that the schedule aligns with the best practices we outlined. TSA reported in March 2013 that it plans to have an updated integrated master schedule by September 2013.

Electronic Baggage Screening Program.—In April 2012, we found that TSA's methods for developing life-cycle cost estimates for the Electronic Baggage Screening Program did not fully adhere to best practices for developing these estimates.[29] According to best practices, a high-quality, reliable cost estimation process provides a sound basis for making accurate and well-informed decisions about resource investments, budgets, assessments of progress, and accountability for results and thus is critical to the success of a program.[30] We found that TSA's estimates partially met three characteristics and minimally met one characteristic of a reliable cost estimate.[31] DHS concurred with our recommendation that TSA ensure that its life-cycle cost estimates conform to cost-estimating best practices, and identified efforts under way to address it. DHS also acknowledged the importance of producing life-cycle cost estimates that are comprehensive, well-documented, accurate, and credible so that they can be used to support DHS funding and budget decisions. In April 2013, TSA reported it plans to have an updated integrated master schedule and revised life-cycle cost estimate by September 2013, which, when completed, will allow it to update its cost estimate for the Electronic Baggage Screening Program.

DHS HAS EFFORTS UNDER WAY TO STRENGTHEN OVERSIGHT OF COMPONENT ACQUISITIONS

In part because of the challenges we have highlighted in DHS's acquisition process, strengthening DHS's management functions remains on our high-risk list. However, DHS has efforts under way to strengthen its oversight of component acquisition processes.

We found in September 2012 that while DHS has initiated efforts to address the Department's acquisition management challenges, most of the Department's major acquisition programs continue to cost more than expected, take longer to deploy than planned, or deliver less capability than promised.[32] We identified 42 programs that experienced cost growth, schedule slips, or both, with 16 of the programs' costs increasing from a total of $19.7 billion in 2008 to $52.2 billion in 2011—an aggregate increase of 166 percent. Moreover, we reported that DHS leadership has authorized and continued to invest in major acquisition programs even though the vast majority of those programs lack foundational documents demonstrating the knowledge needed to help manage risks and measure performance. For example, we found that DHS leadership—through the Investment Review Board or its predecessor body, the ARB—has formally reviewed 49 of the 71 major programs. We found that

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[27] GAO–11–740.

[28] TSA's Electronic Baggage Screening Program, one of the largest acquisition programs within DHS, certifies and acquires systems used to screen checked baggage at TSA-regulated airports throughout the United States.

[29] GAO, *Checked Baggage Screening: TSA Has Deployed Optimal Systems at the Majority of TSA-Regulated Airports, but Could Strengthen Cost Estimates,* GAO–12–266 (Washington, DC: Apr. 27, 2012).

[30] GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs,* GAO–09–3SP (Washington, DC: Mar. 2 2009).

[31] We reported that the estimate was partially comprehensive, partially documented, partially accurate, and minimally credible when compared against the criteria in our Cost Estimating and Assessment Guide.

[32] GAO, *Homeland Security: DHS Requires More Disciplined Investment Management to Help Meet Mission Needs,* GAO–12–833, (Washington, DC: Sept. 18, 2012).

DHS permitted 43 of those programs to proceed with acquisition activities without verifying the programs had developed the knowledge in key acquisition documents as required by AD 102.[33] DHS officials reported that DHS's culture has emphasized the need to rapidly execute missions more than sound acquisition management practice and that DHS could not approve the documents in a timely manner. On the basis of our findings, we concluded that DHS recognized the need to implement its acquisition policy more consistently, but that significant work remains. We recommended that DHS modify acquisition policy to better reflect key program and portfolio management practices and ensure acquisition programs fully comply with DHS acquisition policy. DHS concurred with our recommendations and reported taking actions to address some of them. For example, in September 2012, DHS stated that it was in the process of revising its policy to more fully reflect key program management practices to enable DHS to more rapidly respond to programs' needs by facilitating the development, approval, and delivery of more specific guidance for programs.

In March 2012, we found that to enhance the Department's ability to oversee major acquisition programs, DHS realigned the acquisition management functions previously performed by two divisions within the Office of Chief Procurement Officer to establish the Office of Program Accountability and Risk Management (PARM) in October 2011. PARM, which is responsible for program governance and acquisition policy, serves as the Management Directorate's executive office for program execution and works with DHS leadership to assess the health of major acquisitions and investments. To help with this effort, PARM is developing a database, known as the Decision Support Tool, intended to improve the flow of information from component program offices to the Management Directorate to support its oversight and management efforts. However, we reported in March 2012 that DHS executives were not confident enough in the data to use the Decision Support Tool to help make acquisition decisions.[34] On the basis of our findings, we concluded that DHS had limited plans to improve the quality of the data because PARM planned to check the data quality only in preparation for key milestone meetings in the acquisition process. We reported that this could significantly diminish the Decision Support Tool's value because users cannot confidently identify and take action to address problems meeting cost or schedule goals prior to program review meetings.

In February 2013, we reported that DHS updated its Integrated Strategy for High-Risk Management in June 2012, which includes management initiatives and corrective actions to address acquisition management challenges, among other management areas.[35] In the June 2012 update, DHS included, for the first time, performance measures and progress ratings for all of the management initiatives. The June 2012 update also identified the resources needed to implement most of its corrective actions, although we found that DHS needs to further identify its resource needs and communicate and mitigate critical gaps. On the basis of our findings, we concluded that the strategy, if implemented and sustained, will provide a path for DHS to be removed from our high-risk list. Going forward, DHS needs to continue implementing its Integrated Strategy for High-Risk Management and show measurable, sustainable progress in implementing its key management initiatives and corrective actions and achieving outcomes including those related to acquisition management. We will continue to monitor DHS's efforts to determine if the actions and outcomes are achieved.

Chairman Hudson, Ranking Member Richmond, and Members of the committee, this concludes my prepared statement. I look forward to responding to any questions that you may have.

Mr. BARLETTA. Thank you. Thank you, Mr. Lord.
The Chairman recognizes Mr. Edwards to testify.

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[33] We surveyed all of DHS's 77 major acquisition programs from January to March 2012, and received a 92 percent response rate. DHS originally identified 82 major acquisition programs in the 2011 major acquisition oversight list, but 5 of those programs were subsequently canceled in 2011. Seventy-one program managers responded to the survey.

[34] GAO, *Department of Homeland Security: Continued Progress Made Improving and Integrating Management Areas, but More Work Remains,* GAO–12–365T (Washington, DC: Mar. 1, 2012).

[35] GAO, *High-Risk Series: An Update,* GAO–13–283 (Washington, DC: Feb. 2013).

STATEMENT OF CHARLES K. EDWARDS, DEPUTY INSPECTOR GENERAL, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. EDWARDS. Good afternoon, Chairman Barletta, Ranking Member Richmond, Ranking Member Thompson, and distinguished Members of the subcommittee. Thank you for inviting me to testify today about improvements that DHS can make to procurement and acquisition practices, specifically to those at Transportation Security Administration.

DHS continues to face challenges in implementing a fully integrated acquisition process which requires an effective acquisition management infrastructure. But let me stress that I believe DHS has also made important strides in recent years toward improving its acquisition processes. In 2010 DHS implemented Acquisition Management Directive MD 102–01, which is the principal policy guidance that governs all acquisition programs.

In 2011 the Department strengthened oversight of acquisition programs and created the Office of Program Accountability and Risk Management, PARM, which reports directly to the Under Secretary of Management. It then appointed component acquisition executives, CAEs, in all components, including TSA, to work collaboratively with PARM. As for TSA, it has appointed an Assistant Administrator for Acquisition who serves as both the head of the contracting activity and the CAE.

Our report, "Transportation Security Administration's Acquisition of Support Contracts," found TSA did not provide adequate management and oversight of acquisition for support services for transportation security programs. Contractors were performing inherently Governmental functions, did not follow acquisition guidance, and issued vague statements of work.

Since its creation TSA has relied on contractors to help accomplish many tasks, including acquisitions. Although the Federal Acquisition Regulation, known as the FAR, establishes contract administration as an inherently Governmental function, TSA's support services contractors performed contract administration in three of the 13 contracts we reviewed. One of those three contractors performed the contracting officer's representative support, also known as CORs, for its contract along with reviewing its own invoices.

We recommended that TSA include a contract review of inherently Governmental functions as part of a contract administration. TSA responded by assigning a quality assurance specialist to review every new statement of work for inherently Governmental functions.

Another challenge for TSA identified in our report was the lack of dedicated and properly trained CORs. We recommended that TSA assigned dedicated, trained, and certified CORs to manage and oversee the contract administration function. TSA provided us with the necessary training documentation showing it had trained and certified CORs.

Our report, "Transportation Security Administration Logistics Center—Inventory Management," recognized that TSA include its accountability of screening equipment at the logistics center. However, we also determined that TSA stowed unusable or obsolete equipment, maintained inappropriate safety stock levels, and did

not develop an effective inventory management process. We made two recommendations to TSA that, when implemented, should assist the component with managing inventory in its warehouses. TSA concurred with one recommendation and partially concurred with the other.

In March 2010 we issued "Transportation Security Administration's Acquisition of Support Service Contracts," which included three recommendations to improve TSA's acquisition process. In January 2012, we determined that all responses and corrective actions were sufficient to close our recommendations.

In conclusion, as the reports I have highlighted illustrate, DHS and TSA are taking steps to implement our recommendations to strengthen and streamline their procurement and acquisition processes. However they continue to face challenges that will require more time and effort to overcome. My office will continue to examine these processes at the Department and its components and to make recommendations designed to improve their efficiency and effectiveness. Mr. Chairman, this concludes my prepared remarks, and I would be happy to answer any questions that you or other Members may have. Thank you.

[The prepared statement of Mr. Edwards follows:]

PREPARED STATEMENT OF CHARLES K. EDWARDS

MAY 8, 2013

Good afternoon Chairman, Ranking Member, and distinguished Members of the subcommittee.

I am Charles K. Edwards, Deputy Inspector General of the Department of Homeland Security (DHS). Thank you for inviting me to testify today about improvements that DHS can make to procurement and acquisition practices, specifically to those at the Transportation Security Administration (TSA).

As you know, the DHS Office of Inspector General (OIG) was established in January 2003 by the Homeland Security Act of 2002, which amended the Inspector General Act of 1978. DHS OIG seeks to promote economy, efficiency, and effectiveness in DHS programs and operations and reports directly to both the DHS Secretary and Congress. We fulfill our mission primarily by issuing audit, inspection, and investigative reports that include recommendations for corrective action, and by referring criminal cases to the United States Attorney General for prosecution.

MAJOR ACQUISITION PROGRAMS

DHS has made important strides in recent years toward improving its acquisition process. Nevertheless, DHS continues to face challenges in implementing a fully integrated acquisition process, which requires an effective acquisition management infrastructure. Acquisition management is a complex process that goes beyond simply awarding a contract. It begins with the identification of a mission need and continues with the development of a strategy to fulfill that need while balancing cost, schedule, and performance. The process concludes with contract closeout, after satisfactorily meeting the terms. Acquisition management includes managing operational and life-cycle requirements—from formulating concepts of operations, developing sound business strategies, and exercising prudent financial management to assessing tradeoffs and managing program risks.

In fiscal year 2011, the Department restructured and strengthened its oversight process of all major acquisition programs by creating the Program Accountability and Risk Management (PARM) office. PARM reports directly to the under secretary for management. It manages and implements Acquisition Management Directive (MD) 102–01, serves as the executive secretariat to the Acquisition Review Board (ARB) and the Component Acquisition Executive Council, and guides managers of major investments through the acquisition governance process. PARM also provides independent assessments of major investment programs and works with DHS partners to enhance business intelligence to inform ARB decisions. It monitors programs between formal reviews to identify emerging issues that DHS needs to address. Fur-

ther, the Department developed the Decision Support Tool to aid in monitoring and oversight and also created Centers of Excellence to assist in improving performance.

In December 2011, the Department also issued the Program Management & Execution Playbook (Playbook) to the acquisition workforce. The Playbook is the Department's vision for strengthening program management and execution capabilities, and for maturing the acquisition management system. It addresses several management priorities:

- Increasing the expertise and capabilities of the acquisition and program management workforce;
- Improving program execution;
- Increasing access to expert guidance and best practices; and
- Increasing access to reliable and useful program performance data.

In addition to managing the day-to-day oversight of acquisition programs, PARM developed and implemented a business intelligence tool to monitor the operational status of each acquisition program. The Decision Support Tool is a web-enabled tool that provides DHS leaders, governance boards, and program managers with a central dashboard for assessing and tracking the health of major acquisition projects, programs, and portfolios. The tool creates graphs, charts, and other views of key indicators of program health, such as cost, funding, and schedule. The Department's goal is to improve program accountability and to strengthen the ability to make sound strategic decisions throughout the life cycle of major acquisitions.

On October 1, 2011, the Decision Support Tool became the official source of Acquisition Decision Event (ADE) information and data; it is used to provide ARBs with standardized information. On February 13, 2012, DHS issued a memorandum to all components and programs to ensure that, on a monthly basis, all acquisition program information reported in the Department's existing data systems is complete, accurate, and valid.

DHS envisions becoming more data-driven, with emphasis on the criticality of maintaining quality data within DHS source systems. The Department created the Comprehensive Acquisition Status Report (CASR), which provides the status of DHS major acquisitions listed in the Department of Homeland Security Major Acquisition Oversight List. The new CASR format increases the quality of information and can be produced more quickly. As the Department's business intelligence capability and data fidelity efforts continue to mature, the condensed time line will leverage Decision Support Tool automation data to feed the CASR in real time.

ACQUISITION LIFECYCLE FRAMEWORK

The Department classifies acquisitions into three levels to define the extent and scope of required project and program management and the specific official[1] who serves as the Acquisition Decision Authority. The Department oversees level 1 and level 2 acquisition programs. For level 1 acquisitions, that is acquisitions more than or equal to $1 billion, the Acquisition Decision Authority is the deputy secretary. For level 2, acquisitions of $300 million to $1 billion, the Acquisition Decision Authority is the chief acquisition officer. Components are responsible for the oversight and controls for acquisition programs below the $300 million threshold.

DHS adopted the Acquisition Lifecycle Framework (ALF) to assure consistent and efficient acquisition management, support, review, and approval throughout the Department. The ALF is designed to ensure stable and well-managed types of acquisition. It is designed to ensure that the program manager has the tools, resources, and flexibility to execute the acquisition; delivers a product that meets the user's requirements; and complies with applicable statutes, regulations, and policies.

The DHS acquisition life cycle process is structured to operate in a series of acquisition phases, each leading to an ADE. The ALF is a four-phase process that DHS uses to determine whether to proceed with an acquisition. The four phases are:

1. Need—identifying the need to be addressed by the acquisition;
2. Analyze/Select—analyzing the alternatives to satisfy the need and selecting the best option;
3. Obtain—developing, testing, and evaluating the selected option and determining whether to approve production;
4. Product/Deploy/Support—producing and deploying the selected option and supporting it throughout the operational life cycle.

Each phase leads to an ADE, a pre-determined point within an acquisition phase at which the acquisition will undergo a review prior to commencement of the next phase. The review is designed to ensure the alignment of needs to strategic DHS

[1] The Acquisition Decision Authority may designate his or her responsibilities to other officials.

direction, along with adequate planning for upcoming phases of the acquisition. Prior to every ADE, components are required to submit acquisition documents to the ARB for review, including:

- *Mission Needs Statement*.—Synopsizes specific functional capabilities required to accomplish the Department's mission and objectives, along with deficiencies and gaps in these capabilities.
- *Capability Development Plan*.—Defines how critical knowledge to inform decisions will be obtained, defines the objectives, activities, schedule, and resources for the next phase.
- *Acquisition Plan*.—Provides a top-level strategy for future sustainment and support and a recommendation for the acquisition approach and types of acquisition.

Each phase ends with a presentation to the ARB, which is the cross-component board in the Department composed of senior-level decision makers at either the Department or component level, depending on the total cost estimate of the programs. The ARB determines whether a proposed acquisition meets the requirements of key phases in the ALF and is able to proceed to the next phase and eventual full production and deployment.

The Acquisition Review Process is followed to prepare for an ARB and to ensure appropriate implementation of the ARB's decisions.

ACCOUNTABILITY AND CONTROLS

DHS implemented an ALF that includes the ARB to support consistent and efficient acquisition management, support, review, and approval throughout the Department. In fiscal year 2011, the Department maintained about 160 acquisition programs with estimated life-cycle costs of more than $144 billion. Our report, *DHS Oversight of Component Acquisition Programs,* OIG–11–71, recognized that the Department had made progress in its acquisition oversight process and controls by implementing a revised Acquisition Management Directive, 102–01 (Directive 102–01). In January 2010, the Department issued Revision Number 01 of the interim Acquisition Management Directive, 102–01, which prescribed guidance over the Acquisition Review Process, the ALF, and the ARB. It also issued a supplemental Acquisition Instruction/Guidebook, 102–01–001, Version 1.9 (November 7, 2008) to the interim directive that provided detailed instructions on implementing and managing acquisitions. Directive 102–01 and guidebook addressed many of the previously identified oversight and control problems in acquisition management. The directive and guidebook were positive steps, but there are opportunities for improvement.

The Department needed to refine policies further in some areas and strengthen oversight in others. Some components were creating program management offices to manage simple procurements, not properly reporting programs in the standard system, or not applying strategic sourcing strategies to support program development. Additionally, not all components developed component-level acquisition policies and procedures to manage their programs. As a result, some components created unnecessary acquisition programs that potentially increased administrative costs without adding value. In addition, the Department did not always know what was in its acquisition portfolio.

Directive 102–01 establishes the overall policy and structure for acquisition management within the Department, but does not provide a decision-making tool to determine if an acquisition warrants the higher level of internal controls required by the ALF. According to the Guidebook's glossary, an acquisition program is the totality of activities directed at accomplishing a program to acquire, support, or sustain capabilities, funded through one or more investments. In contrast, the text of the Guidebook defines an acquisition as the conceptualization, initiation, design, development, test, contracting, production, deployment, logistics support, modification, and disposal of systems, supplies, or services (including construction) to satisfy DHS' needs. To complicate the definitions further, according to the body of the Guidebook, capital assets, enterprise/component-level service contracts, interagency agreements, and strategically-sourced acquisitions are to follow Directive 102–01.

These definitions do not provide clear instruction for determining when an acquisition should become an acquisition program. In attempts to comply with the directive, components have over-classified programs. For example, the Federal Law Enforcement Training Center (FLETC) is automating many of its manual processes, such as student registration, class scheduling, planning and forecasting, and student records. The estimated total life-cycle cost of this automation is approximately $30 million. FLETC personnel contracted out all of the requirements for the program, including requirements analysis, development, and maintenance of an automated system that used commercial off-the-shelf (COTS) equipment and custom software

applications. Because the instructions did not provide clear guidance, instead of creating a simple procurement, FLETC created an acquisition program that may have unnecessarily increased program management administrative cost.

We reviewed several acquisition programs that did not clearly fit into the ALF process. Ten of the 17 (59 percent) programs we reviewed, with an estimated lifecycle cost of about $5.3 billion, were acquisitions that identified COTS equipment or existing contracts to fulfill the needs identified by the program office. Component personnel likely could have managed these as simple procurements rather than acquisition programs. For example, TSA classified renovation of an existing warehouse building as an acquisition program. It leased the 104,000-square-foot building in 2003 and renovated approximately 89,000 square feet for about $42 million over the initial 10-year leasing period. In 2008, TSA primarily relied on existing contracts to complete 12,500 of the remaining 15,000 square feet of the warehouse building. According to TSA personnel, the renovation for the additional 12,500 square feet cost about $2.5 million and was completed in January 2010. For this small renovation project, TSA personnel could have used simple procurement rules but instead increased administrative costs by implementing the more complicated internal control structure prescribed in Directive 102–01.

Based on the definition of an acquisition program in the Guidebook, this renovation could possibly be an acquisition program. However, based on the processes and procedures specified in Directive 102–01's ALF and Acquisition Review Process, this renovation did not clearly meet the intentions of the existing guidance or present a high level of risk to warrant the increased costs of being managed as a program.

Components should not create acquisition programs to acquire products and services under a simple procurement because creation of such programs is outside the intent and spirit of Directive 102–01. The Department can reduce some of the conflicts at the component level by developing a decision matrix that the components can apply in the pre-planning phases of the purchasing process.

DEPARTMENT-WIDE MANAGEMENT OF DETECTION EQUIPMENT

Our March 2011 audit report, *DHS Department-wide Management of Detection Equipment,* OIG–11–47, highlighted some of the acquisition challenges facing the Department when multiple components have similar requirements or are buying the same type of equipment. We identified steps the Department could take to improve its acquisition processes. With improved management, DHS could streamline the acquisition process, improve efficiencies, and provide uniform equipment inventory information. DHS has eight different procurement offices that purchase detection equipment. Seven of these offices are at the component level, and each has its own head of contracting. These components are as follows:

- U.S. Customs and Border Protection (CBP),
- Federal Emergency Management Agency,
- FLETC,
- U.S. Immigration and Customs Enforcement (ICE),
- Office of Procurement Operations, [2]
- TSA,
- United States Coast Guard,
- United States Secret Service.

Components maintain separate inventories for their detection equipment. For fiscal year 2010, the components had a combined inventory of more than $3.2 billion worth of detection equipment, most of which was deployed. The components purchased an average of about $387 million worth of detection equipment in each of the last 3 years, ranging from about $280 million to $511 million. This equipment included metal detectors, explosive detection systems, and radiation detectors (including some personal protective safety equipment) for screening people, baggage, and cargo at airports, seaports, and land ports of entry, as well as Federal buildings. As of March 1, 2010, TSA's detection equipment accounted for 66 percent of the Department's total inventory.

Our audit work showed that DHS could manage the acquisition of detection equipment better by developing processes based on best practices such as strategic sourcing.

Strategic Sourcing

DHS had established a Strategic Sourcing Program and has applied strategic sourcing strategies for many common-use items, such as firearms, ammunition, and

[2] In 2004, the Department created the Office of Procurement Operations to provide acquisition services to components that did not have a procurement office.

office supplies; however, the Department was not managing its detection equipment through this program. According to DHS officials, components were encouraged but not required to use the Strategic Sourcing Program and generally did not coordinate and communicate when acquiring detection equipment. There was no process to standardize equipment purchases or identify common mission requirements among components. For example, the Department's Joint Requirements Council was inactive, and components did not have the expertise of commodity councils or single-item managers to rely on when acquiring detection equipment. Further, components viewed detection equipment as unique to their missions and did not attempt to identify common mission requirements among other components. This resulted in numerous inefficient purchases by individual components instead of consolidated purchases.

Standardizing Equipment Purchases

Some components did not standardize equipment purchases and purchased a variety of different detection equipment models. For example, U.S. Citizenship and Immigration Services (USCIS) had 24 and CBP had 21 different models of small X-ray equipment, and CBP and USCIS each had 14 different models of walk-through metal detectors. When components have multiple models of equipment to meet similar missions, DHS incurs higher procurement administrative costs and logistic support costs for maintenance, training, and support. In contrast, TSA, which uses and maintains the largest inventory of detection equipment in the Department, uses only seven different models of small X-ray equipment and three models of walk-through metal detectors. By limiting the number of models and types of equipment, TSA is in a position to increase efficiencies in procurement, maintenance, and personnel flexibilities.

Common Mission Requirements

We identified about $170 million worth of small X-ray machines, metal detectors, and personal and hand-held radiation detectors that DHS could acquire through strategic sourcing strategies. Although multiple components were using similar equipment to meet similar screening missions, each component purchased the equipment separately. Components did not coordinate with each other to identify common requirements, consolidate purchases to gain buying power, or consolidate logistic support requirements.

DHS Management Directive 1405 established a Joint Requirements Council (JRC) as a senior-level requirements review board to identify cross-cutting opportunities and common requirements among DHS organizational elements for non-information technology investments. The JRC met periodically between fiscal years 2004 and 2006. Representatives on the JRC reviewed programs and processes for potential mission overlap and redundancies. Among the programs reviewed were TSA's Secure Flight and Registered Traveler and CBP's Consolidated Registered Traveler programs. In 2006, the JRC stopped meeting after the Department assigned other duties to the council chair. However, DHS indicated that it might revive the council or pursue another alternative to identify duplicate programs and processes across the Department. This undertaking should include an effort to identify common data elements and nomenclature within inventories and to establish a data dictionary for the Department's detection equipment.

In addition to the JRC, commodity councils are an integral element of developing an effective strategic sourcing program. Commodity councils include representatives from across the organization. The members act as the subject matter experts in the acquisition process and in establishing requirements for a specific commodity or service. Generally, the component purchasing the largest quantity of a particular item takes the lead in acquiring the commodity or service and may serve as that commodity's single-item manager.

DHS and other Federal agencies use the commodity council concept. For example, in 2003, DHS established the Weapons and Ammunition Commodity Council to create a Department-wide strategy for consolidating requirements and gaining economies of scale for the acquisition of weapons and ammunition. The council, which includes representatives from each component that uses weapons, developed requirements for firearms, ammunition, and body armor. ICE took the lead, using service-level agreements with other components to establish one overall contract, which is available to all DHS entities.

The Department agreed in principle with our two recommendations and took action to implement them. DHS was evaluating reestablishing the JRC and other alternatives to achieve the same goal. However, as of April 29, 2013, the Department had not reconstituted the JRC. DHS will perform a business case analysis of detec-

tion equipment and establish a commodity council or working group if it determines that this equipment can be strategically sourced.

OIG–10–72, TRANSPORTATION SECURITY ADMINISTRATION'S ACQUISITION OF SUPPORT CONTRACTS

TSA did not provide adequate management and oversight of acquisitions for support services for transportation security programs. Contractors were performing inherently Governmental functions or roles that closely supported the performance of inherently Governmental functions, acquisition staff did not follow acquisition guidance, and support services contracts contained vague statements of work. This occurred because the component did not have an adequate number of properly-trained core acquisition staff to administer contracts and oversee support services contractors' performance. As a result, TSA did not have reasonable assurance that contractors were performing as required, that it contracted for the services it needed, that it received the services for which it paid, or that taxpayers were receiving the best value.

Background

Since its creation, TSA has relied on support services contractors to help accomplish its mission. TSA's decision to contract for services such as acquisition support, invoice review, strategic planning, and administrative support was largely driven by the need to stand up programs and operations quickly after the events of September 11, 2001.

TSA's contracting officers and contracting officer's representatives (COR) provide contract oversight and monitoring. Contracting officers and CORs are Federal employees who represent the Government's interests in negotiating and administering contracts. TSA assigns a contracting officer and a COR to handle each support services contract from contract award to closeout. The contracting officer is responsible for providing contract administration and oversight. Due to the technical nature of TSA contracts, contracting officers delegate many of their contract administration and oversight responsibilities to CORs, who serve as technical experts in the contract areas to which they are assigned. Each COR works with the contracting officer and the program office to oversee and monitor contractor performance and deliverables.

Federal acquisition guidance highlights the risks inherent in service contracting, particularly for support services. According to the Office of Management and Budget, the closer contractor services come to supporting inherently Governmental functions, the greater the risk of their influencing the Government's control over and accountability for decisions. Inherently Governmental functions require discretion in applying Government authority or value judgments in making decisions for the Government. A Government Accountability Office panel stated that increasing reliance on contractors to perform services for core Government activities challenges the capacity of Federal officials to supervise and evaluate the performance of these activities.

According to the Federal Acquisition Regulation (FAR), Subpart 37 and Subpart 7, and the Office of Federal Procurement Policy Letter 93–1, services that tend to affect Government decision making or program management require a greater level of scrutiny and an enhanced degree of management oversight to prevent abuse. Such scrutiny includes assigning a sufficient number of qualified Government acquisition staff to provide oversight and ensure that agency officials retain control over and remain accountable for policy decisions, based in part on a contractor's performance and work products.

Contractors Are Performing Inherently Governmental Functions

Contractors performed inherently Governmental functions or roles that directly support the performance of inherently Governmental functions. Although the FAR establishes contract administration as an inherently Governmental function, TSA's support services contractors performed contract administration in 3 of the 13 contracts we reviewed. Specifically, these three contractors reviewed invoices to determine whether they were reasonable, correctly charged, and allowable, and then recommended the invoices for approval and payment. These three contracts represented 40 percent ($265 million) of the total support services contracts for fiscal year 2009.

In addition, one of these three contractors performed COR support for its own contract, along with reviewing its own invoices. When we brought this to the attention of TSA management, they took immediate action to correct the problem.

Although program officials generally acknowledged that their professional and management support services contracts closely supported the performance of inher-

ently Governmental functions, they believed that contracts for such services were common practice within the Government. However, the FAR requires that agency officials retain control over and remain accountable for contract administration, approval, and payment of invoices. Until TSA provides greater scrutiny and enhances management oversight of support services contracts, it will continue to risk transferring Government responsibility to contractors.

Contracting Officers Are Not Following TSA Acquisition Guidance

Contracting officers and CORs did not follow TSA's internal acquisition guidance for contract administration, oversight, and monitoring to ensure that contractors were completing the contracted work. For example, for all 13 contracts, the contracting officers' contract files were missing COR delegation forms, modifications notifying the contractor of changes in the contracting officer, documentation of suspension and debarment reviews, base contracts, and performance and monitoring reports. CORs' administrative files were missing invoices, COR delegation forms, COR training forms, contract modifications, and other oversight documentation. Although TSA's guidance requires that COR nomination forms and Departmental approval forms be completed before CORs assume their duties, our review of the contracts showed that 6 (46 percent) of the 13 contracts did not include the nomination forms and 2 (15 percent) of the 13 contracts did not include the Departmental approval forms before the CORs began performing COR duties. Without adequate documentation, there is no assurance that contractors are meeting contract provisions or that TSA is making appropriate payments for services provided.

Although TSA's internal acquisition guidance requires quality assurance plans or surveillance plans with specific measures for assessing contractors' performance, none of the contract or COR files we reviewed contained specific measures for assessing contractors' performance, plans outlining the specific contract requirements, or measurable outcomes of the support services provided. TSA documented monthly meetings with contractors to discuss performance, but TSA officials did not provide evidence that they independently validated the contractors' progress reports. As a result, TSA could not ensure that contractors were complying with contract performance requirements.

CORs submitted invoices to the contracting officers for payment without sufficient detail to support payment. We reviewed all of the contractors' August 2009 invoices, which totaled approximately $6 million for the 13 contracts. Each invoice listed the contract employee's name and the hours of work performed. However, the invoices did not include a detailed description of the work performed or the project completed. The contractors' invoices were not specific, so we could not determine whether the correct contract was charged or whether the work performed was required under the contract. Because CORs cannot provide adequate oversight and monitoring without reviewing detailed invoices that identify the specific work completed, TSA did not have reasonable assurance that contractors were performing as required and that full payment was justified on the invoices received.

We recommended that TSA include a contract review of inherently Governmental functions as part of contract administration. TSA assigned a Quality Assurance Specialist to review every new Statement of Work for inherently Governmental functions and coordinate with the initiating program/office and Office of Acquisitions to revise the work assignments both internally to the Government and with the contractor to ensure that inherently Governmental functions are performed by the Government parties. The contract review process for inherently Governmental functions is now required for all Procurement Packages.

Contracts Contain Vague Statements of Work

TSA did not always define the requirements in the Statements of Work for support services contracts clearly. Nine of the 13 contracts we reviewed contained vague statements of work that did not outline the specific requirements or include key deliverables specifying the activities the contractor needed to complete. These nine contracts represented 79 percent ($523 million) of the total support services contracts for fiscal year 2009. Although the FAR requires that contracts contain clearly defined Statements of Work, TSA program officials acknowledged that the Statements of Work did not always reflect program needs accurately or the work the contractors actually performed.

The vague Statements of Work also allowed acquisition personnel to add unrelated tasks to contracts. For example, the Statement of Work for a $10 million services contract for strategic planning was so vague that the contracting officer was able to use it to develop a SharePoint (data repository) system for the Passenger Screening Program without completing a separate contract modification. The development of a SharePoint system is unrelated to strategic planning and is not a sup-

port service. TSA should have contracted for the system through its Office of Information Technology under a separate contract.

Statements of Work should be clearly written to describe the services needed and detailed enough to ensure that personnel use a contract as intended. Without clear Statements of Work, TSA cannot be sure that contractors are providing the services needed or hold contractors accountable for the services they provide.

TSA often needed to create contract modifications to clarify the work it was asking contractors to perform. For the 13 contracts we reviewed, TSA executed 97 contract modifications to define more clearly the work the contractors were performing.

Contract modifications require extra work and sometimes add costs to contracts. TSA could have avoided extra costs and work for its already overburdened staff by clearly defining contract requirements before awarding contracts.

Further, contracts were missing key delivery tables that identified the task assignments and delivery dates contractors had to meet. Nine of the 13 (69 percent) contracts we reviewed were missing key delivery tables with specific requirements and due dates. Specific contract requirements and task assignments are critical to gauging contractor performance and ensuring that contractors are performing contracted services timely.

We recommended that TSA establish evaluation factors and a review process for requirements identified in the Statements of Work. TSA provided the necessary documentation describing the new procurement request submission on approval tools and processes. The newly-developed tools and user guides provided sufficient information to identify each stakeholder's roles and responsibilities. TSA implemented its completed user guides on its new submission and approval tool on October 1, 2011. This process improves the quality of all procurement request documents, especially Statements of Work, by causing all procurement request packages (not just service contracts) to be routed to, and reviewed by, multiple Office of Special Council stakeholders specific to the package program. Additionally, the tool documents all comments received with a version history. Training has been provided to most of Office of Special Council (submitters, reviewers, and approvers). The contracting officers and specialists are also part of the review cycle, which greatly improves the quality of the whole procurement request package.

TSA Does Not Have a Sufficient Number of Trained COR Staff

TSA did not provide sufficient management and oversight for its support services contracts because it did not have an adequate number of dedicated and properly trained CORs. As a result, TSA relied on contractors to perform work that is inherently Governmental or directly supports the performance of inherently Governmental functions.

TSA assigned COR responsibilities to technical experts in the area covered by the contract. However, CORs remained focused on the program offices in which they normally worked and were not available to monitor contractor performance, in part because of their workload demands. For this reason, TSA relied on contractors to perform many COR functions, including invoice review and maintenance of the COR administrative files. According to Federal guidelines, some of the COR duties include inherently Governmental functions that contractors should not perform.

TSA should ensure that a core group of technical experts is dedicated exclusively to COR functions. By maintaining a core group of acquisition experts, TSA would be able to provide better contract administration, management, and oversight required by the Office of Management and Budget and the FAR. A core group would also reduce the continual need to train new staff on COR functions.

Although COR training is essential to develop skilled staff for contract administration, CORs on 85 percent (11 of the 13) of the contracts reviewed had not completed the required training. To maintain their certifications, TSA requires that CORs receive 40 hours of COR training initially, 40 hours of refresher training per 2-year cycle (including a minimum of 12 hours in each year), and annual ethics training. TSA should review the COR training records to ensure that all CORs complete the required training. TSA should also tailor COR refresher training to develop skills in contract administration, management, and oversight.

We recommended that TSA assign dedicated, trained, and certified CORs to manage and oversee the contract administration function. TSA provided the necessary training documentation showing it had trained and certified CORs assigned to administer contracts. The Office of Security Technology continued to analyze workload across all contract administration functions to ensure the appropriate staffing mix. In concurring with the recommendation, TSA Office of Acquisition noted plans to offer enhanced COR training courses to develop skills in contract administration, management, and oversight. OIG agreed that completed actions resolved its recommendation, and that the finding would be closed once TSA completed its proposed

actions. On March 30–31, 2010, TSA conducted an Overview of Government Contracting Course for CORs. For the remainder of 2010, TSA had scheduled COR courses for Writing Performance-Based Statements of Work, Corrective Actions, Evaluating a Contractor's Performance, and Contract Administration. For fiscal year 2011 COR training, TSA was coordinating with DHS, which was going to contract for classes. Courses planned for fiscal year 2011 included Inspection and Acceptance, Risk Management, Evaluating Contractor's Performance, and Critical COR Roles and Responsibilities.

OIG–13–82, TRANSPORTATION SECURITY ADMINISTRATION LOGISTICS CENTER—INVENTORY MANAGEMENT

Our report, OIG–13–82, *Transportation Security Administration Logistics Center—Inventory Management* recognized that TSA improved its accountability of screening equipment at the Logistics Center. However, its plans and procedures for inventory management needed additional improvements. TSA stored unusable or obsolete equipment, maintained inappropriate safety stock levels, and did not develop an inventory management process that systematically deploys screening equipment. As a result, TSA may have been losing utility of equipment as it aged. Additionally, TSA did not use all storage space within the Logistics Center and might have been able to put approximately $800,000 per year, which was used to lease two warehouses, to better use.

Equipment in Storage

TSA operates three warehouses in Texas, collectively known as the TSA Logistics Center. The warehouses store various types of Government equipment used at airports to screen passengers and baggage, including X-ray units, metal detectors, explosive trace detection units, and explosive detection systems. As of May 2012, TSA had more than 17,000 items, valued at about $185.7 million, stored at the Logistics Center, including unusable, obsolete equipment and equipment that exceeded safety stock requirements.

The quantity of Transportation Secured Equipment stored in the warehouse for more than 2 years accounted for approximately one-half of 17,004 items in the warehouse, yet it represented almost $8 million, or 4 percent, of the dollar value recorded for all inventory in the warehouse. This illustrates that increased quantities of Transportation Secured Equipment stored at the warehouse may significantly increase the dollar value of inventory. Further, this may result in millions of dollars' worth of screening equipment becoming obsolete or unusable while stored for an extended period.

With prolonged storage, TSA lost utility of equipment as it aged in storage. As of May 31, 2012, TSA had 12 automated explosive detection system (Auto EDS) units at the warehouse, including three new units stored at the warehouse for more than 3 years. According to one TSA official, the component did not plan to deploy the Auto EDS units that were in storage. In 2007, TSA awarded contracts to acquire Auto EDS units to provide baggage-screening technology for checkpoints. However, TSA officials explained that other checkpoint technology screened baggage faster and required less space than the Auto EDS units and, as of November 2012, TSA removed all Auto EDS units from airports. The recorded value of the eight Auto EDS units stored at the warehouse in November 2012 was approximately $307 million. Upgrades for the Auto EDS units in the warehouse cost about $1 million. The Auto EDS units became obsolete while aging in the warehouse.

TSA also stored nonscreening equipment in the warehouse for long periods. Specifically, TSA stored more than 3,200 furniture, fixtures, and equipment items in the warehouse for more than 2 years. Examples include conveyors (powers, exits, extensions, entries, brackets, extensions, and pedestals) for more than 5 years, and 41 empty equipment crates—used for various pieces of screening equipment—stored for more than 2 years.

TSA's warehouse inventory also included obsolete items. The inventory showed that TSA had 266 Threat Image Projection Ready X-ray units in the warehouse. The machine, used to screen carry-on baggage, is obsolete technology, being replaced by Advanced Technology and Advanced Technology 2 X-rays. TSA also warehoused five new whole-body imager training simulators (laptop computers) for more than 3 years. TSA replaced the whole-body imager with advanced imaging technology units and never used these laptop simulators.

Safety Stock

TSA did not have appropriate safety stock levels at the Logistics Center to meet its safety stock requirements. TSA relied on nondeployable equipment, had insufficient quantities of some equipment, and had excessive quantities of other equip-

ment. TSA holds safety stock as insurance against uncertainties such as equipment failure, emerging requirements, or special events. Adequate safety stock levels permit TSA to respond to maintenance needs while minimizing the adverse effects on screening operations.

TSA relied on nondeployable screening equipment to meet safety stock requirements. For example, the target safety stock level for one type of bottle liquid scanner was 18 units. The warehouse inventory report for the third quarter of fiscal year 2012 also showed 18 units designated as safety stock; however, 10 of the 18 units needed repair and were nondeployable. Based on the number of bottle liquid scanner units designated as safety stock in inventory and the condition codes assigned to them, only eight units were in redeployment condition. TSA officials said that safety stock quantities and levels are evaluated and updated every quarter in conjunction with the quarterly warehouse disposition process. We identified equipment that needed repair, designated as safety stock on consecutive warehouse inventory reports.

In February 2012, TSA evaluated safety stock inventory for nine types of explosive detection system and determined that the quantity of safety stock was deficient for six of the nine types. For example, TSA set the level of safety stock for one type of EDS actively under production and deployment at five units. Although TSA had 12 of these units in the warehouse, none was designated as safety stock.

TSA's ability to respond to critical failures for this piece of equipment is affected by not having equipment available for safety stock. TSA also assessed checkpoint technology safety stock in July 2012 and identified equipment with a shortage of warehouse safety stock, as well as equipment in inventory that exceeded the safety target. TSA also stored empty explosive trace detection cases in quantities that exceeded its stated level for safety stock. TSA's July 2012 review showed almost 1,400 more empty cases in inventory than were necessary to meet the target safety stock level of 459. TSA officials explained that after explosive trace detection units were placed in service, airports sent the empty cases to the warehouse for storage. Some of the empty cases were stored in the warehouse for almost 5 years. To optimize existing warehouse space, TSA could have recycled or removed the cases from inventory.

Without appropriate safety levels, TSA was not prepared to meet equipment emergencies that could affect field operations and National security, or increase travelers' time spent at passenger screening checkpoints. We made two recommendations to TSA that, when implemented, should assist the component with managing inventory in its warehouses. TSA concurred with one recommendation and partially concurred with the other.

TRANSPORTATION SECURITY ADMINISTRATION'S ACQUISITION OF SUPPORT SERVICE CONTRACTS

In March 2010, we issued, *Transportation Security Administration's Acquisition of Support Service Contracts,* OIG–10–72, which included three recommendations to improve TSA's acquisition processes. In January 2012, based on information sent to us by TSA, we determined that all responses and corrective actions were sufficient to close our three recommendations, and that no other action was required.

In conclusion, as the reports I have highlighted illustrate, DHS and TSA are taking steps to implement our recommendations to strengthen and streamline their procurement and acquisition processes. However, they continue to face challenges that will require further time and effort to overcome. My office will continue to examine these processes at the Department and its components and to make recommendations designed to improve their efficiency and effectiveness.

Mr. Chairman, this concludes my prepared remarks. I welcome any questions that you or the Members of the subcommittee may have.

Mr. BARLETTA. Thank you, Mr. Edwards.

We appreciate all of you being here today. I recognize myself for 5 minutes to ask some questions.

Mr. Benda, I was particularly interested in tying our airport security to obviously our National security, but also dealing with the problem that we are having with visa overstays. As you may know, over 40 percent of all the people that entered the country illegally didn't cross a border. They come legally with a visa, and we have a very difficult time of tracking their entry and exit from the country, yet alone those that just disappear and never leave.

With the new technology and the technology that we are testing, are we looking at anything that would tie airport security with a biometric technology so that we can somehow track people as they enter and exit the country?

Mr. BENDA. Certainly, sir. The S&T Directorate is actually partnering with CBP and the Office of Policy at the Department and looking at biometric air exit, which is part of the 9/11 Commission recommendations. The Department has a robust program on biographic, and S&T has been charged to look at where biometric technologies can serve or help augment that purpose.

I recently actually was just over in the United Kingdom where we saw biometrics currently in place. They are in place partly for commercial reasons where they want to have what they call a common departure lounge, where they can merge both international and domestic travelers to try and actually increase customs duty-free sales. So there are a lot of technologies out there, either from fingerprint scanning to iris scanning, and S&T is in the process of actually building a test bed of viable technologies so that we can, once we have determined what the operational requirements are, we can see how well those technologies would perform, and we actually plan on deploying a pilot to a U.S. airport within the next year or 2.

So it is something we are actively pursuing. We think now the time is right. Europe and other areas really taken a lead on this. We think we can leverage off a lot of their investments and deploy a capability pretty quickly once that cost-benefit analysis——

Mr. BARLETTA. What would be the time frame would you estimate?

Mr. BENDA. Well, it all depends, sir, whether it makes sense from a cost-benefit analysis, quite frankly. What level of security do you gain? When you look at airports versus land border, it will be really hard for us to do biometric trafficking of people leaving by land border when we have 227 million people enter and leave every year. So the lines that we would have leaving would be substantial. If we were looking only at an air implementation I believe we could certainly have a pilot operational for one airport I would say within the next 2 years would certainly be possible.

Mr. BARLETTA. Mr. Lord, Mr. Richmond, and Mr. Thompson talked a little bit about the puffer debacle. Why is TSA in such a rush to put the untested technology into service without doing necessary research? How can we be assured on this committee that that won't happen again?

Mr. LORD. Well, that is an excellent question. I am sure TSA cringes every time they hear the word puffer. But to their credit, they made some important changes in their process. The reason the puffer example occurred is the technology was successful in the laboratory and it was immediately moved to the field without what we call operational test and evaluation. That is testing in the field to make sure it really works before full deployment.

Under their new process they do have operational test and evaluation stage where the technology is deployed on a limited basis in the field and carefully tested before the final decision is made to field it. So I think that was the important lesson learned from the puffer. Again, it was over $30 million in taxpayer money, peo-

ple should be concerned about it, but I always like to look at it in terms of the process changes they made on that, and I think that was a big improvement in their process.

Mr. BARLETTA. Thank you.

The Chairman now recognizes the Ranking Minority Member of the subcommittee, the gentleman from Louisiana, Mr. Richmond, for any questions he may have.

Mr. RICHMOND. Thank you, Mr. Chairman.

I will start with Ms. Waters. Last Congress we heard repeatedly from witnesses that in order to have a strong acquisition program you have to ensure that you have adequate staff dedicated to the program. So that raises two quick questions, which is: What is the average tenure of TSA's procurement staff, and are the procurement specialists assigned to the accounts for the duration of their life cycle?

Ms. WATERS. Thank you for that question. I don't have the average tenure of the TSA workforce with me, but we certainly will—or the procurement workforce with me—but I will get that back to you.

We do a couple of things in acquisition. One is we certainly keep contract specialists and contracting officers and outreach officers on those programs until they research a mature stage or complete before rotating them to other areas. We also have an opportunity to work with DHS in their internship program, so we are bringing in new 1102s to be filled all the time and other series that are specialized in acquisition, such as cost analysts, program managers who help us on the acquisition side of the house.

So I think we have got a more robust workforce right now. I think we have got an adequate workforce to meet the need of TSA in terms of our procurement needs right now and our acquisition management needs right now. As our program grows, as TSA's need grows, I think we will look at the opportunity to expand that given our budget constraints and what we face from that perspective as well.

Mr. RICHMOND. In terms of your goals for small and disadvantaged businesses, I know that you have reached your goals in small disadvantaged and service-disabled veterans. Are those goals set by TSA or are they set by DHS?

Ms. WATERS. The overall goal is set by SBA, with close coordination with DHS and the Office of Small and Disadvantaged Business Utilization, and then those goals are assigned to TSA.

Mr. RICHMOND. What is your goal for contracting with 8(a) small businesses and did you meet that goal?

Ms. WATERS. So the 8(a) goal is a goal that is not tracked at the DHS level. We do set a goal at TSA which is at 2.5 percent. Last year we did meet that goal. The 8(a) goal is a goal that is rolled up into the small disadvantaged business and in fiscal year 2012 we did meet that goal as well.

Mr. RICHMOND. Let me switch over to a question which I think is also a security concern and that is the ability or—well, you all allowing companies outside the United States to manufacture the TSO uniforms. I believe it was either mentioned that it was a trade agreement or NAFTA that prohibited you from—prohibited you from prohibiting outside companies to make it, if that makes any

sense. I was just wondering if we have safeguards for our military uniforms why can't we have the same thing for our TSO uniforms?

Ms. WATERS. So it is my understanding that because TSA is under the NAFTA and the Chilean trade agreement act, that we treat companies that produce items in Canada and in Mexico as domestic companies. While we certainly want to comply with that, with those requirements, and what the requirements that the Federal Acquisition Regulation require of us, we really don't have a say at the end of the day where those companies end up manufacturing those uniforms. So we issued the solicitation, the company responded, they received the award, and then chose to have those items manufactured in those locations.

Mr. RICHMOND. Do you all view it as I view it, as a security concern if those uniforms are manufactured outside the United States?

Ms. WATERS. I don't think we have put that designation on it. It is certainly something that we can look at. If that designation requires us to have those items procured domestically then we would certainly comply with that.

Mr. RICHMOND. Switching over to Mr. Edwards, quickly, how has instituting the FAR helped TSA to refine its acquisition program and ensure greater transparency and that consistency is embedded in the program?

Mr. EDWARDS. In June 2008, prior to that TSA was not following the FAR, but after June 2008 they are and instituting and following FAR. TSA has also instituted internal guidance and policies that augment the FAR regulations. So I think it is a good thing that they are following the FAR regulations and also the Department has overall visibility over it.

Mr. RICHMOND. Thank you.

Mr. Chairman, I see my time has expired and I yield back.

Mr. BARLETTA. Thank you, Mr. Richmond.

The Chairman now recognizes the Ranking Minority Member of the full committee, the gentleman from Mississippi, Mr. Thompson, for any questions he may have.

Mr. THOMPSON. Thank you Mr. Chairman.

Ms. Waters, Representative Richmond talked about the small business goals and what have you. Why are the TSA small business goals the lowest in the agency?

Ms. WATERS. One of the reasons why our goal is at 23 percent is that I think there is a recognition by SBA and by DHS that with the spin that we have in our technology area it is a challenge to separate the remaining dollars out and achieve a higher goal. Frankly, we are having a challenge meeting the 23 percent goal. While we recognize that those are challenges, we are also looking at that portfolio, the security technology portfolio, and our all of our portfolios for opportunities for small business.

Mr. THOMPSON. Well, can you provide the committee with those challenges that you have to overcome if those small business requirements are to be met?

Ms. WATERS. Yes, sir. What we know today is part of the challenge with security technology is the testing environment, is a company having not only small but large businesses, having the capital to be able to endure the testing environment that happens at TSA. So what Mr. Benda talked about, about being able to use different

information that used to be proprietary and giving that to the small businesses, gives them maybe not the same opportunity but a different opportunity to succeed in the security capabilities area.

Mr. THOMPSON. Well, have you tried narrowing your procurement so that you don't write small businesses out but you write them in?

Ms. WATERS. So certainly we do that in many cases. We certainly set aside for small business, we have done that with the Screening Partnership Program. We have not done that in the technology area as of yet, but I think as we mature that information and those requirements and we see that opportunity, in my opinion there is nothing that is off the table that would not include small business if we could find viable candidates.

Mr. THOMPSON. Well, let me for my own point say that you lower the goal based on what you say you can't find. Can you provide us information on what you can't find and what the problem is? My issue here is you have lowered the goal and you are not even meeting the lower goal. So why not keep it at or near where your other agencies are and just say we are trying to get there? But you lowered the bar and some of us hear the lowering the bar too many times, and I just think from my own position it is probably a question of will to get it done.

Now, why have we lowered the bar on small disadvantaged businesses compared to everybody else?

Ms. WATERS. I don't know that the bar was lowered. My understanding is that our goal has been 23 percent for several years now. Certainly we will provide you with information on what we see as those challenges.

Mr. THOMPSON. Small disadvantaged, not small business.

Ms. WATERS. So our small disadvantage business goal in fiscal year 2012 was 5 percent and we exceeded that by 7.8 percent.

Mr. THOMPSON. Yeah, but it is the lowest. In that instance you lowered it and went over it. In lowering it your basement or your floor is lower than anybody else in the agency. So why not raise it to where everybody else is?

Ms. WATERS. So our goal is again to be successful in all areas of small business and we will certainly take that back and look at that.

Mr. THOMPSON. So you lowered it in order to look successful?

Ms. WATERS. I don't believe that that was the case.

Mr. THOMPSON. That is what you just said. I mean, you just said you lowered it in order to be successful.

Ms. WATERS. But TSA does not unilaterally determine the goal, DHS determines the goal.

Mr. THOMPSON. All right.

Mr. Lord—actually it is not Mr. Lord. Ms. Waters again. I appreciate your honesty and information. Have we mastered the overreliance on contractors in acquisition or is that still a challenge?

Ms. WATERS. I believe that we have currently about 13 contractors supporting my staff of about 170 FTE. I am not quite sure what our past numbers were, but we see that as a necessary need currently to achieve some goals in some areas that we are trying to increase our workload in.

Mr. THOMPSON. So you said 13 individuals?

Ms. WATERS. Yes, sir.
Mr. THOMPSON. And that is it?
Ms. WATERS. Yes, sir.
Mr. THOMPSON. Very good. I yield back.
Mr. BARLETTA. Thank you Mr. Thompson.
The Chairman now recognizes himself for a second round of questions.
Ms. Waters, we have heard from many technology vendors that TSA is not transparent enough to allow for efficient research and development planning by the private sector to meet TSA needs. This may result in less effective and mature screening technologies once TSA is ready to make a purchase. I would like each of you to answer this. Do you believe TSA should develop and share a long-term technology road map to help guide future investments by industry? In what ways would transportation security benefit from such a road map or planning document?
Ms. WATERS. So I certainly think that we need to provide an increased amount of information to industry so that they are aware of what our plans are, what our current state is, and what we believe our future state needs to be. Part of that is our preparing of and getting ready to publish our test and evaluation guide which we think will provide critical information to industry that speaks to the fact that when they come into our testing environment it takes much longer than either industry or TSA expects when we are trying to do developmental testing and operational testing. So that is one area where we see we are making progress and sharing information with industry.
Mr. BARLETTA. Mr. Benda.
Mr. BENDA. Thank you Mr. Barletta. I do think I agree with Ms. Waters, we do need to be more transparent with industry. I think that is really the goal of the R&D strategies that we are developing in conjunction with TSA. That is part of the reason we briefed them at a webinar that is open to all of industry.
I do think in the past we haven't done as good a job but we did have a first step at this where we had a signed aviation security R&D strategy with TSA, with Robin Kane and myself, the former AA of security capabilities. One of fruits of that is actually I talked about the new X-ray device that would actually be able to identify what is in your bag. That is actually coming out of a current investment by a vendor, $15 million with their own IRAD or internal money against that, $9 million of Government money, and we expect the vendor to put another $9 million in it.
So I think we are starting to see again some fruits of that labor and I think we need to improve upon it and hopefully have more of those come down. The challenge I have when you talk about a technology road map is that I am not sure where the next technology comes from. I am much more interested in a road map of what are the priorities and challenges we have, because I believe necessity is the mother of invention. We may not have been able to predict 5 years ago that we would be able to use a technique called X-ray diffraction to do identification of materials in a bag. So by telling them what our challenges and capabilities are I think it is a better approach than saying you have to achieve this technology.

Mr. BARLETTA. Mr. Lord.

Mr. LORD. I agree with the prior two witnesses. We often meet with vendors and they sometimes express concerns about limited transparency. I noticed the Department and TSA, they seem to be implementing different practices and sessions to help share more information with industry, such as industry days. They have those on a regular basis and there are other forums that take place that are aimed at sharing more information.

But some of the vendor complaints, quite frankly, are difficult to evaluate. They always want perfect information, and some is obviously procurement-sensitive and you simply can't share it with the private sector. But I think in general of course more information shared to the best you can the better and the happier they will be in the long run and the better sense they will have of what your requirements are and needs.

Mr. BARLETTA. Mr. Edwards.

Mr. EDWARDS. Yes, sir. Just like in an acquisition program you look at the entire life-cycle cost from cradle to death. There definitely needs to be a road map that they need to provide that takes into account with the changing in the threats. You know, as the threats and the environments change, we should be able to adjust, but you definitely need to have a road map. You cannot just blindly use the technology, throw it away, and then try to go to another one. You definitely need to have a road map. Everybody else does.

Mr. BARLETTA. Thank you.

Mr. Lord, in 2009 GAO reported that TSA had not completed a cost-benefit analysis on investments for screening passengers at airport checkpoints. That was 4 years ago, and my understanding is that there has still not been a full cost-benefit analysis completed. What is the value gained from a cost-benefit analysis? Is it primarily that we could eliminate programs or requirements that are too expensive for the comparably small security benefit that they provide?

Mr. LORD. A cost-benefit analysis is a really important piece of information for managers that lets them consider making an investment in an area and also assures them that the investment is worthwhile, the benefits exceed the cost. Just so you know, that recommendation is still outstanding as of today. We have had recent discussions with TSA, they hope to close it out by the end of the fiscal year. But, again, a lot of our work, looking very broadly across all the programs, that is a weakness we have identified and we believe TSA perhaps may need to ramp up their capability.

A related issue is their life-cycle cost estimates. Obviously that is an important component of a cost-benefit analysis. We consistently identified weaknesses in the way they put those together. Are they getting better? Yes. But, again, that is still an area they perhaps may want to invest more resources in.

Mr. BARLETTA. Has TSA begun to do full cost-benefit analysis for any of its major programs?

Mr. LORD. That is a good question. There has been one for AIT that was shared with us. So in some cases they do, you know. The Passenger Screening Program, that is essentially the umbrella program which includes individual components, pieces of technology within it. So there have been some, as I recall, some cost-benefit

analysis done for individual pieces. But we thought it was important to have one for the entire program given it consists of various technologies that all have to work together to achieve the same end.

Mr. BARLETTA. Ms. Waters, do you agree this would be a prudent step for your agency to take?

Ms. WATERS. Yes, sir. What I would add is we do have one major program, which is TIM, that does have a complete analysis of alternatives, that does include a cost-benefit analysis. Mr. Lord is right, we are working through each and every one of our major acquisition programs to ensure not only that the cost-benefit analysis is completed, if we are not in the O&M stage, but certainly you need documentation that speaks to the business case that we are trying to do for that investment.

Mr. BARLETTA. Thank you.

The Chairman now recognizes Mr. Richmond for a second round of questions.

Mr. RICHMOND. Mr. Lord, and very quickly to pick up where Chairman Barletta left off, do you have a recommendation for the most effective means for TSA or DHS to assess cost-benefit analysis?

Mr. LORD. We come in and we evaluate their efforts. Typically they ask us: Well, what standards or best practices should we be using? We refer them to the GAO website. We have quite an extensive list of standards, criteria, so-called. We call it the cost and schedule guide. It is like the Bible for doing this, and it is publicly posted on our website. In the past when we used it at TSA we actually send one of our cost experts over and they sit down with TSA. Sometimes we have multiple sessions. They walk them through the guide and they compare it to what they provided so they can get a better sense of what we are looking for. So I think that is a really important step we do. It is essentially analogous to a consulting service we provide, free of charge of course. But we try to help them better understand our guide, our criteria that we use in evaluating their cost estimates.

Mr. RICHMOND. Mr. Edwards, have you had an opportunity to review how the Department, how they have taken steps to address some of the concerns you have previously raised in some of your audits?

Mr. EDWARDS. Yes, sir. The Department has made progress in its oversight and controls by reissuing the advice, the acquisition management directive, but the Department needs to go further. There needs to be more guidance provided in certain areas. For example, it is not clearly defined what an acquisition program is. They need to give guidance on that. Not everybody, not every component uses the tool to track this, it is called NPRS, not everybody is using that. Not every component uses all the available tools regarding acquisition, and then there is not clear visibility on the acquisition portfolio. Because of this, if there is a simple procurement, some components create a program management office to oversee a simple procurement. It is a waste of administrative cost. So there is some progress but much work needs to be done.

Mr. RICHMOND. Ms. Waters or Mr. Benda, would you care to address the last part of Mr. Edwards comment?

Ms. WATERS. So certainly in working with PARM we are maturing and gaining more robust acquisition management program structure at TSA. We have outreach officers who work with our program offices to guide them through the acquisition documentation process that includes all of those things as an AOA, a cost-benefit analysis, a life-cycle cost estimate to ensure that we are making the soundest business case that we can. We also have people embedded from DHS PARM who come and assist us with our cost information. So we are taking advantage of any and all resources to build our program to strengthen it.

Mr. BENDA. Certainly, Member Richmond. It is one of those things that S&T is working closely with under secretary of management shop to try and prove acquisitions overall for the Department. In S&T we rarely have acquisition-level programs above that $300 million where we are required to establish the program office. So we don't necessarily cross that threshold very often, if at all. We are part of the process going forward in making sure that when the Department and other components do analysis of alternatives, other technical reviews, that S&T can actually assist in those when necessary.

Mr. RICHMOND. Ms. Waters, and just going back to the small business goals, and if I wrote down correctly I think you told Ranking Member Thompson that you had 13 contractors that were supporting you all?

Ms. WATERS. Supporting OA, Office of Acquisition.

Mr. RICHMOND. Now, those 13 contractors, do they all work for one company or are they all independent contractors?

Ms. WATERS. They work for different companies; it is not all one company.

Mr. RICHMOND. Now, what is the breakdown of those companies? Are those small businesses, are those big businesses, service-disabled veterans, what?

Ms. WATERS. I don't have that information, but I will certainly get that for you.

Mr. RICHMOND. Thank you, Mr. Chairman. I yield back. Thank the witnesses for their time.

Mr. BARLETTA. Thank you, Mr. Richmond.

The Chairman now recognizes Mr. Thompson.

Mr. THOMPSON. Thank you very much.

Mr. Lord, as part of your prepared testimony to this subcommittee last September there was extensive documentation about TSA's failure to acquire a DHS-approved acquisition program. Let's take the Electronic Baggage Screening Program. As of today where is TSA on that?

Mr. LORD. That is a good question. We raised that last year and I am happy to report they now have an approved acquisition program baseline. It was approved August 17 last year. The reason that is important, I think it is really important to understand it is a program baseline that you can measure progress against. In this document they tell you what this thing is going to cost, when it is going to be delivered, and what its capabilities are. It is analogous to buying a car. Who would buy a car if you didn't know what it was going to cost, what the performance was, gas mileage or horsepower, or when the dealer was going to give it to you? So how can

you invest in a system without the acquisition program baseline where you have all this important information in it?

So the good news is they completed one, but it is a few years after they made the initial decision to go forward with the technology. Under their guidance you are supposed to do it at the front of program, not toward the back. To their credit they have taken our recommendation to heart and they have one, so we think that is an important step. You can certainly update it as you go along, too. But, again, we call it a foundation document, it is just not an obscure document nobody ever reads. It has really important information in it. So we think these baselines are real important.

Mr. THOMPSON. If we do that, then from an acquisition standpoint, and if we follow it, we should get a better bang for our bucks?

Mr. LORD. Absolutely, absolutely. Also you will be able to track, like if you have another hearing a year from now you can say, hey, in your original baseline you said A, B, and C, are you there or did you shift everything to the right or change everything?

Mr. THOMPSON. Thank you very much.

Mr. Edwards, yesterday your office released a report relative to the TSA's storage of equipment. Did TSA provide you a justification for why it would continue to purchase new equipment such as an enhanced metal detector when it already had one that had been in storage for 4 years?

Mr. EDWARDS. No, sir. In fact we have not done any review on a future buy, so we have not received anything.

Mr. THOMPSON. So are you aware of a system that TSA has available to it that could somehow age the equipment on-site or something that would trigger or some kind of tickler system that would say before you buy something we have it in inventory? Are you aware of any of that?

Mr. EDWARDS. No, sir.

Mr. THOMPSON. Well, I guess he answered the question. Do you plan to pursue it or do we need to send a follow-up letter asking you to look into this or what?

Mr. EDWARDS. We are currently looking at the AIT procurement acquisition piece of it, but if this is something you want us to look into it, I will add that to my——

Mr. THOMPSON. Well, Mr. Chairman, I think just the fact that we are buying equipment and we have got the same equipment that has been on hand for 4 years and nobody knows it is on-hand, somehow we are missing what I think is a reasonable opportunity to save the taxpayers some money by just going in the warehouse, dusting it off—I mean, not dusting it off, but you do whatever you need to do. But since we own it already I think it is reasonable to say that we should use it first rather than to acquire something else?

Do you have any idea how much that kind of acquisition procedure, how much that cost the taxpayers?

Mr. EDWARDS. No, sir. But now, as the assistant administrator talked about, DHS has created the Program Ability and Risk Management Office, PARM, which is supposed to do an independent assessment. They work with the components and they also look at different intervals to do their independent assessment. So it is

something maybe the Department they are established to do. I don't know if they are doing it.

Mr. THOMPSON. So it looks like we need to get you a second letter. Thank you.

Mr. BARLETTA. Thank you, Mr. Thompson.

The Chairman recognizes Mrs. Brooks.

Mrs. BROOKS. Thank you, Mr. Chairman.

A question for Ms. Waters. As you are aware, this subcommittee has conducted consistent and vigorous oversight over the procurement over the last several years, but one issue that we have consistently heard from vendors is the kind of inconsistent level of engagement between TSA and the contractor community. We have heard that over the last year there has been improvement and that TSA has made progress in the area, and in fact is engaging a group like the Security Manufacturers Coalition and working through groups like the Washington Homeland Security Roundtable to reach a broader audience. So while there has been good progress, we understand there is a shift, however, of who engages with the vendor community. Whereas previously program-level personnel and individuals could have non-acquisition-specific conversations with vendors, apparently today that is prohibited. Asking if this is true and, if so, why has there been this shift in this policy?

Ms. WATERS. So we are very eager to, and think it is a very necessary part of what we do, to have robust engagements with industry, and we engage at all levels, senior level, operational levels, small businesses, large businesses, coalitions, any way that we can engage with industry we look to do that.

What we are trying to do internal to TSA is to ensure that when vendors do have conversations their program offices that the acquisition or procurement process is a part of that conversation. We want to make sure that we are capturing that need at the very beginning and that we are ensuring that there is a fair and equitable process to that acquisition from beginning to end.

Mrs. BROOKS. So program-level offices and officers can have discussions——

Ms. WATERS. Yes, they can.

Mrs. BROOKS [continuing]. With the vendor community.

Ms. WATERS. We encourage that.

Mrs. BROOKS. But anything having to do with acquisition has to do what?

Ms. WATERS. We just want to ensure that we are part of that conversation. The engagements with industry are important and necessary and it gives us information on how to shape what we need to do. But it is also a time where we want to make sure that we are not talking about a known requirement, that it is just a conversation about possibilities, not a conversation about a need. So when that conversation turns into a need is when we need to make sure that we are putting it inside the acquisition process and not sharing that information unless we are sharing it with all. So that is why we are taking those steps.

Mrs. BROOKS. Certainly. Can you share with us who some of those coalitions or groups are besides maybe the two that I have mentioned?

Ms. WATERS. So besides the Washington Homeland Security Roundtable, I think it is the—I am sorry, I am blanking out on the name.

Mrs. BROOKS. The one that I was aware of, the Security Manufacturers Coalition.

Ms. WATERS. Yes, ma'am. There are several others.

Mrs. BROOKS. Okay.

Ms. WATERS. I can get you a list of those, too.

Mrs. BROOKS. Okay.

Ms. WATERS. We also, we have a dedicated industry liaison, we do industry days on a regular basis. We do industry days for specific program offices, as well as doing industry days for small business. So we spend quite an amount of resources engaging with industry.

Mrs. BROOKS. Well, and I would assume that industry is the group that fosters the innovation and comes up with new ideas for TSA. So when you mention when it gets to a need, who determines a need, who determines when you say when it rises to the level of need that we need to ensure everyone is involved.

Ms. WATERS. So when the Government decides that it is a need, is it a Governmental decision, something that is inherently Governmental to decide when there is a need, then that is when the Federal Acquisition Regulation kicks in and says that, you know, we need to make sure that we are treating the process fair and equitably. So I can't share information with one company that I don't share with all. So we do typically go silent in terms of how we are engaging with industry at that point because we want to make sure that the process has integrity.

Mrs. BROOKS. Certainly. That would be absolutely necessary. Just want to make sure that TSA is having very robust discussions with industry because of the innovation and because of their ideas.

Thank you. I yield back.

Mr. BARLETTA. Thank you, Mrs. Brooks.

I would like to thank the witnesses for their testimony today and the Members for their questions. The Members of the committee may have some additional questions for the witnesses and we will ask you to respond to these in writing.

Without objection, the committee stands adjourned.

[Whereupon, at 2:45 p.m., the subcommittee was adjourned.]

APPENDIX

QUESTIONS FROM CHAIRMAN RICHARD HUDSON FOR KAREN SHELTON WATERS

Question 1. In the last Congress, TSA received criticism for keeping a vast amount of equipment in storage and as a result, altered its procurement policies to a "Just in Time" system that purchases small amounts of equipment immediately prior to deployment. While this prevents a backlog of equipment, do you believe that this is the best approach in all cases and allows industry to leverage its supply and manufacturing networks to provide the highest quality units at the lowest cost? If not, then isn't this a move from one bad business practice to another?

Answer. Response was not received at the time of publication.

Question 2a. The Consolidated and Further Continuing Appropriations Act of 2013 included language that directed TSA to provide a 5-year investment plan that includes projected funding levels for the next 5 fiscal years for all passenger screening technology acquisitions.

Has TSA completed this plan? If so, when do you expect the committee to receive a copy? If not, when do you expect it to be completed?

Answer. Response was not received at the time of publication.

Question 2b. Will the 5-year investment plan be made publically available? If so, when do you expect it to be made public?

Answer. Response was not received at the time of publication.

Question 3a. As you are aware, last year TSA was planning on purchasing CAT/BPSS, a technology intended to verify the authenticity of passenger identifications and boarding passes, and compare these two pieces of information to ensure a match. At a subcommittee hearing last Congress, Members stated concerns about the technology including the fact that it would not be linked to State Department of Motor Vehicles Databases or to TSA's No-Fly or Selectee lists. At that time, TSA decided to postpone the purchase of CAT/BPSS. However, the President's fiscal year 2014 budget request includes funding for it and a pre-solicitation procurement notice was issued on April 24 for boarding pass scanners, which TSA hopes to eventually marry up with credential authentication technology.

Has TSA completed a cost-benefit analysis of this technology?

Answer. Response was not received at the time of publication.

Question 3b. Has TSA resolved the deficiencies of the technology that were identified last year including ensuring that it can link to State Department of Motor Vehicle Databases and TSA's No-Fly or Selectee lists?

Answer. Response was not received at the time of publication.

Question 3c. Has DHS Science and Technology been working with TSA to help CAT/BPSS meet technical requirements? If so, in what way? If not, why not?

Answer. Response was not received at the time of publication.

Question 4. Some technology vendors are finding that in the wake of sequestration, TSA is saying that it is not able to accept technologies that have been procured because there is now a shortage of staff to conduct either Site Acceptance Testing or Final Acceptance Testing of systems. This creates a difficult situation for vendors, because if their systems aren't tested and accepted, they could be in violation of the terms and conditions of their contracts under the Federal Acquisition Regulation.

If this is in fact an issue that has arisen post-sequestration, what is TSA doing to assure vendors that they are not in violation of the terms and conditions of their contracts because of TSA staffing shortfalls?

Answer. Response was not received at the time of publication.

Question 5. During the hearing, you mentioned TSA's partnership with the Washington Homeland Security Roundtable (WHSR), a non-profit group comprised of companies that are actively engaged in homeland security issues. In addition, you stated that WHSR created the Industry Engagement Group and the TSA Contracting/Acquisition Policy Focus Group.

Do any of the participants of these groups represent a security technology manufacturer? If not, why not?

Answer. Response was not received at the time of publication.

Question 6a. It is my understanding that TSA and other components within DHS use strategic sourcing and often coordinate when purchasing detection equipment such as metal detectors, explosive detection systems, and radiation detectors for screening people, baggage, and cargo at airports, seaports, and land ports of entry.

Do you think TSA is taking full advantage of strategic sourcing and doing a sufficient job coordinating purchases of the same or similar detection capabilities with other components? Why or why not?

Answer. Response was not received at the time of publication.

Question 6b. How much money do you think DHS has saved by using strategic sourcing to acquire its detection equipment?

Answer. Response was not received at the time of publication.

Question 7. I understand that TSA is currently exploring the option of allowing vendors to use third parties to certify and test their technologies. Can you describe what that process would look like and when TSA may make a determination of whether to utilize third-party testing?

Answer. Response was not received at the time of publication.

QUESTIONS FROM CHAIRMAN RICHARD HUDSON FOR PAUL BENDA

Question 1. Do you believe it would help industry's research and development efforts if TSA were to work with you and establish a 5-year acquisition roadmap? Could metrics such as Technology Readiness Levels be helpful in communicating such roadmaps?

Answer. Response was not received at the time of publication.

Question 2a. TSA seems to struggle with getting innovative new security technologies deployed in a quick and cost-effective manner.

Can you please explain to the committee what DHS S&T is doing to help improve the transition of new technologies?

Answer. Response was not received at the time of publication.

Question 2b. Can you cite a specific example where TSA and S&T have worked together and successfully transitioned a major technology acquisition?

Answer. Response was not received at the time of publication.

Question 2c. Is there a role for National laboratories and universities to help improve the success of technology transitions?

Answer. Response was not received at the time of publication.

Question 3. Mr. Benda, you and the under secretary have described a strategy for "technology foraging." Under that strategy, you would first try to identify mature technologies from other applications, for example military, that could be leveraged for homeland security applications.

Do you have a formal process yet for technology foraging?

Answer. Response was not received at the time of publication.

Question 4. Last year, TSA was planning on purchasing CAT/BPSS, a technology intended to verify the authenticity of passenger identifications and boarding passes, and compare these two pieces of information to ensure a match. At a subcommittee hearing last Congress, Members stated concerns about the technology including the fact that it would not be linked to State Department of Motor Vehicles Databases or to TSA's No-Fly or Selectee lists. At that time, TSA decided to postpone the purchase of CAT/BPSS. However, the President's fiscal year 2014 budget request includes funding for it and a pre-solicitation procurement notice was issued on April 24 for boarding pass scanners, which TSA hopes to eventually marry up with credential authentication technology.

Has DHS Science and Technology been working with TSA to help CAT/BPSS meet technical requirements? If so, in what way? If not, why not?

Answer. Response was not received at the time of publication.